



Convention Destination Competitiveness Analysis & Recommended Development Plan

conducted for

City of Springfield, Springfield CVB & Hammons
Hotels & Resorts

July 2011



July 5, 2011

Tracy Kimberlin
Executive Director
Springfield Convention & Visitors Bureau
815 East St. Louis Street
Springfield, MO 65806

Sent via Email to: tkimberlin@springfieldmo.org

Dear Mr. Kimberlin:

The Springfield CVB, City of Springfield and Hammons Hotels & Resorts (the Partners) engaged Hunden Strategic Partners to conduct a competitiveness analysis related to the convention and meetings business, which included a specific review of the Expo Center, a hotel review and a plan for the vacant site adjacent to the Expo Center. Given the nature of the assignment, HSP provided an overall plan for the future of the destination meetings industry in Springfield.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

HUNDEN STRATEGIC PARTNERS

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EXECUTIVE SUMMARY

Key stakeholders in Springfield, Missouri have joined together to engage a study related to the competitiveness of, and future development options for, the meetings and group market in Springfield. The stakeholders, hereafter referred to as the Partners, include the City of Springfield, the Springfield Convention and Visitors Bureau (CVB) and Hammons Hotels & Resorts (Hammons).

One of the questions driving the study is the fate of a parcel of land adjacent to the Springfield Expo Center that had been slated for hotel development. Hammons had acquired the fee simple title from the City for the parcel based on their proposal to develop a full-service hotel to support the Expo Center. However, the recession in 2008, the banking crisis and local market conditions severely hampered the economics of hotel development. Therefore, Hammons was not able to develop a hotel in a timeframe that met the City's original request. However, Hammons is a key stakeholder in the community (due to its ownership of the University Plaza Hotel, management of the Expo Center and location of their headquarters one block from the Expo Center). The City and the CVB have determined with Hammons that they should join together to study the highest and best use for the adjacent parcel prior to a sale back to the City at a substantial loss for Hammons and discount to the City.

The fate of the property adjacent to the Springfield Expo Center also has generated several larger questions. Before determining the highest and best use for the land, specifically the hotel development question, the community should understand what the overall vision for the meetings and convention market is for the Expo area. In order to understand or determine a vision, an assessment needed to be made of the current status of the meetings and convention offerings of Springfield:

- Does the community have the assets and provide the type of experience that meeting and event planners seek? This includes a question of whether the existing key assets (the Expo Center, University Plaza Hotel and downtown as an anchor) have the physical programming, service, management, marketing and other elements necessary to compete effectively.
- If Springfield offers what is needed to effectively compete in the market currently, what does this imply for land and other development in the Expo area? If not, what does Springfield lack that it needs to compete effectively? What does this imply for land development of the parcel in question, as well as other parcels in the Expo area?
- If the community is lacking certain assets or experience, how are those best developed and how much are they likely to cost? How will these assets and this experience translate into new visitors? Is the investment worth it? If nothing is done, what past investments will suffer? If new investment is made, what generally are the benefits to the community?

The Partners are forward thinking by not rushing into a singular development decision without first studying the overall plan and vision for the Expo area. Allowing for a comprehensive competitiveness study to determine a way forward (or at minimum the options to move forward) shows that the Partners recognize that conditions change, options are numerous and a larger, well-thought-out vision is key to long-term success.

Hunden Strategic Partners (HSP) was engaged to answer these questions and has organized this report in a way that answers them based on the market conditions in 2011. Hunden Strategic Partners is a destination development consulting firm specializing in economic, tourism and real estate development. The company, located in Chicago and Indiana, conducts similar and related studies and advisory services for the public and private sector across the U.S. and internationally.

The following report has been organized in a way that answers the questions posed by the Partners. The report includes the following:

- A profile of the community, its economic and demographic characteristics.
- An assessment of the Expo Center, its performance, physical offerings, management and marketing.
- An assessment of the local hotel market, especially those hotels contributing to the hosting of events.
- An update on convention, meeting and event industry trends and implications for Springfield.
- A competitiveness assessment showing Springfield in comparison to the offerings of its competitors.
- The results of a survey of meeting planners conducted specifically for this report.
- An assessment of comparable markets and case studies that provide implications for Springfield.
- A discussion of site development options.
- Recommendations for the Expo area, including the Expo Center, the adjacent land, the existing University Plaza hotel, other parcels in the area and the connection to downtown.
- Projections of performance for the recommended items.
- An estimate of the cost (public and private) for any recommended items.

Conclusions

The questions that Springfield seeks to answer are not uncommon, however Springfield is in a fairly unique situation in that, for its size and location, it has a stronger than usual set of competitors in the region. These place a greater challenge on the community to perform at levels that most cities of its size would not need to meet in order to succeed on a relative basis.

Competition. Springfield competes against both small and large communities, but all offer a compelling reason to lure groups. Two communities, Kansas City and St. Louis, offer big city attractions, amenities and facilities. Their respective key group-oriented suburbs, Overland Park, Kansas and St. Charles, Missouri, offer excellent new facilities and hotels, as well as shopping and restaurants, in a low-cost suburban environment. Other small markets in Missouri and northwest Arkansas (Lake of the Ozarks, Rogers/Bentonville, Jefferson City and Columbia) offer, or in the case of Jefferson City, will offer, a variety of large group hotels, amenities and facilities that compete at various levels with Springfield. These are typical of the type of competition found in cities of their sizes, large or small.

The market that underscores Springfield's unique challenge and puts Springfield in a competitive box is Branson, Missouri. Located only 45 minutes from Springfield, Branson is a smaller market that has the amenities and assets that the group market seeks. The town offers high quality, new convention and hotel facilities, extensive shopping and dining near the facilities, live entertainment in multiple theaters and venues, air service, attractions, natural beauty and recreation opportunities. This provides Branson with big city options in a small town environment, plus the dozens of theaters and shows that have made Branson internationally famous. This competitor, located so close to Springfield, creates a unique challenge. However, Branson does not have easy access and it is not a hub of corporate activity. Springfield can leverage these points to the city's advantage over Branson.

Existing Offerings. Springfield, as a community, is the heart of the largest market area in the southern Missouri region. However, while it has made an investment in the Expo Center, it has weaknesses in a number of areas. The Expo Center is not a full-service convention facility. It has no ballroom, no onsite kitchen and lacks the number of meeting rooms needed to compete with other facilities. Its retrofitted areas limit use due to the ceiling heights and numerous columns. Managed by Hammons Hotels & Resorts, it has historically been opened for use to public consumer shows and a handful of other events. Other types of events either bypass Springfield or may be housed at the University Plaza Hotel, also managed by Hammons. Because the facility's losses are absorbed by Hammons and these types of venues often run a deficit under even the best conditions, the company has little incentive to keep the doors open except for certain shows. The Ozark Empire Fairgrounds often finds it easy to lure potential shows to its facility.

The only group hotel near the Expo Center is the University Plaza Hotel. It has the feel of an older Embassy Suites but lacks any brand to help induce loyalty-focused travelers who seek out points and the implied promise of consistent quality. The hotel, while providing a large amount of good quality meeting space, presents hotel rooms that are not up to the quality of its local or regional competitors. As quality has declined relative to its competition, the pressure to reduce pricing has increased. While the University Plaza has not reduced its rack (advertised) rate, it has recently begun discounting rates, especially for groups. This is not unusual for a larger, older hotel, but as time passes, it could hurt the market overall by pulling rates down for the competitive set if the practice becomes more consistent. Occupancy of the property has been poor enough between Christmas and New Years that on two occasions it has closed temporarily due to lack of occupancy. The other competitive markets, including St. Charles, Branson and Rogers, offer

Hammons'-owned Embassy Suites or similar convention-style properties that have much higher overall quality than the University Plaza Hotel.

Meeting planners told HSP that despite the lack of a draw like entertainment in Branson or big city excitement in Kansas City or St. Louis, high quality facilities would serve their needs and induce them to consider Springfield in their future plans. This is encouraging.

The corporate market in Springfield is strong, with BKD, LLP (accountants), O'Reilly Auto Parts, Bass Pro and Assemblies of God having their headquarters in town, among many others. There have been other investments nearby, such as Hammons Field. Most notably, Springfield's downtown is becoming a very vibrant place, especially due to the presence of Missouri State University and its student population. This is a clear bright spot for Springfield. It offers a fun, eclectic mix of restaurants, shops and entertainment. However, despite the proximity of downtown to the Expo Center area, there is no visual or intuitive connection between the two. Successful group markets have often found a way to tie their group meeting assets to the activities of their respective downtowns.

Recommendations

If Springfield wants to compete effectively in this market, it will have to make investments in competitive, high-quality facilities. This includes hotels and meeting facilities. Specifically HSP recommends:

- A full-service 200- to 250-room hotel (HSP has assumed 240 rooms) on the site adjacent to the Expo Center to be serviced by the existing parking structure. The hotel must be able to survive on its own (without the aid of the Expo Center), so it does need its own function space (ballroom and meeting rooms) in order to book business consistently.
- A renovation of the Expo Center to a full-service convention center, including an onsite kitchen. This will require the addition of a ballroom and meeting rooms, which is recommended as a total replacement of the former Sears space (i.e., demolish and rebuild high-quality ballroom and meeting rooms on that site). The current Sears space has low ceilings and multiple columns that make it difficult to use for many types of events and it cannot be renovated to a better use without the total structure being rebuilt, due to the columns. By replacing it with a full-height ballroom (24 feet or more high) of approximately 20,000 square feet and a meeting room block of 14,000 square feet (on two levels), the facility will be fully-functioning yet within its current footprint. It should be renamed the Springfield Convention Center. The gross building size will not change appreciably, but the functionality, marketability and impact it will have will be greatly improved.
- The mix of hotel and facilities will not work well if the University Plaza is not upgraded. While the hotel's economics may not provide its owners the incentive to invest in either a brand or the physical quality associated with such a brand, it is necessary for the community to compete. As a result, it is recommended that the plan include an upgrade to the University Plaza to a brand like Embassy Suites,

including the associated physical, service and marketing improvements that would provide. The hotel also should be connected to its convention center instead of forcing meeting attendees outside for 25 feet, as is currently the case. Finally, HSP recommends adding meeting rooms to the facility, as it has very few relative to its ballroom and exhibit space. Having viewed this situation elsewhere (as well as the financials associated with the current hotel), the public sector will likely need to partner with Hammons to make this a financially feasible endeavor. In addition, a conditioned connection between the University Plaza and Expo Center is recommended, either via another development or directly.

- Springfield will also need to have a pleasing and attractive environment in which to hold meetings and events to compete with the natural beauty or other draws of Springfield's competitors. This means creating an active restaurant, retail and entertainment environment around the Expo Center and hotels and one that also connects people to the downtown area via infill development along St. Louis Street. Currently the downtown is disconnected from the Expo area (despite its proximity). By developing compelling attractions like restaurants, novelty retail and some entertainment on the parking lots between the Expo Center and University Plaza Hotel, Springfield will create an attractive environment for meetings. Removing surface parking may create the need for structured parking for University Plaza. The new, mostly empty parking structure where the CVB is housed should likely service the new hotel. By filling in the surface parking with a critical mass of restaurants and some retail, a physical connection can also be made between University Plaza and the Expo Center, which will improve competitiveness.
- Based on HSP's interviews with meeting planners, local stakeholders and competitor stakeholders, Springfield's reputation as being in a conservative area has an impact. Many see Springfield's competitors as fun places to go, but view Springfield as overly traditional, dowdy, perhaps even out-of-date/out-of-touch. While this does not match the reality suggested by the University's influence, Springfield needs to market the current positive environment, while also embracing a new attitude (if it wants to shed this image). Springfield can either embrace this existing reputation and market heavily to the family/religious market (and suffer from low price points) or it can try to broaden Springfield's appeal as a fun, collegiate-influenced place where visitors can have fun in a safe environment at a reasonable price. Developing great dining and fun entertainment options onsite will help Springfield legitimize this enhanced 'brand.' It will help tie the rest of the new hotels, arenas, etc. together as the 'new' Springfield. Having a new group hotel and expanded/improved Expo Center (which should become a convention center) is key.
- The connection to downtown is important. Creating a strong urban fabric allowing a walkable environment between the Expo Center and the downtown can be enhanced with infill development. One key area this could be accomplished is the surface parking lot east of the Discovery Center. Developing retail/restaurant space facing St. Louis Street with structured parking behind it will help provide this connection. Other infill development along St. Louis will help connect the Expo area to downtown. Such

development is more likely to occur by the private sector if there is a hotel and other activity generated by the Expo Center.

HSP does not believe the new hotel or Expo/Convention Center is worth the investment if Springfield does not also create this new restaurant/retail/entertainment environment. The city's competitors from Kansas City and St. Louis to Branson all have this and Springfield will not see adequate results without the 'fun' factor. Absent this, Springfield's only competitive advantage would be price.

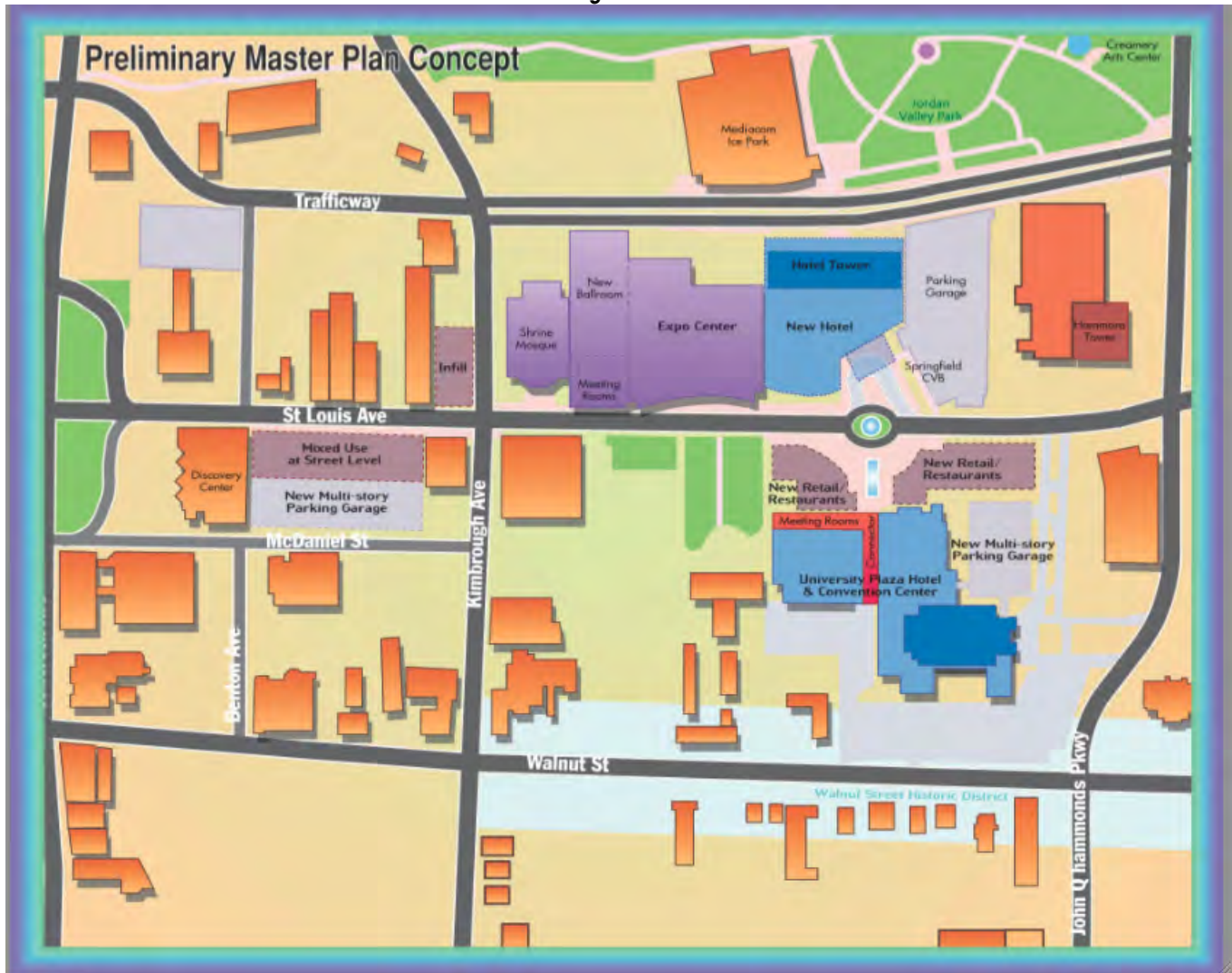
The table below shows the recommendations.

Table 1

Recommended Components of Springfield Master Plan			
Facility	Component	Current SF	Recommended SF
Expo Center*	1 Exhibit Hall	44,400	44,400
	1 Trade Center (two levels)	47,000	0
	1 Ballroom	0	20,000
	17.5 Meeting Rooms	3,750	14,000
		95,150	78,400
New Convention Hotel	240 Rooms		
	1 Grand Ballroom	0	9,000
	1 Junior Ballroom	0	4,000
	8 Meeting Rooms	0	6,300
	Total Function Space	0	19,300
University Plaza Hotel & Convention Center	271 Rooms		
	Convention Center*	21,600	21,600
	1 Grand Ballroom	12,800	12,800
	1 Arkansas Room	1,274	1,274
	5 Additional Meeting Rooms	0	4,200
		35,674	39,874
Restaurant, Retail & Entertainment Component	5 Restaurants	0	30,000
	4 Retail	0	14,400
	1 Entertainment	0	15,000
		0	59,400
Restaurant & Retail at Discovery Center Parking	Retail/Restaurant Space with	0	25,000
	Structure Parking behind/above	0	25,000
Total	Hotel Rooms	271	511
	Function Space	130,824	137,574
	Retail, Restaurant & Entertainment	0	84,400
	Total	130,824	221,974
* Recommend Renaming Expo Center to Convention Center. Rename Convention Center to Hammons Hall. Source: Hunden Strategic Partners			

The proposed concept is shown in the figure below. A more detailed concept plan for the area is recommended.

Figure 1



All components of this vision will require public funds, as they have in other markets, especially the Expo expansion. The benefits, however, will not only include a vibrant tourism and meetings market destination for the region, but an enjoyable, compelling place for locals to patronize as the 'heart' of their community. Connecting the Expo Area to downtown will have a large impact on how citizens, students and corporations view themselves, their City and their place in the region.

Other Options

If the community is reticent to spend the funds needed for a full-service set of facilities that would position it for success, it has a secondary option: it can opt to connect the Expo Center to the University Plaza, connect the University Plaza to itself and work to attract a hotel (likely limited service) to the site in question. The connections and improvements would likely cost just

a few million dollars and the limited service hotel would require a minimal subsidy. The pros to this approach include an extremely limited public investment, yet a small improvement in the package provided for events. However, this benefit would accrue almost solely to the University Plaza and if a limited service hotel is built, to it. It would not benefit the community other than to help save a hotel that may otherwise continue to be a drag on the market. The number, quality and size of events attracted to Springfield would not likely improve appreciably and group/event tourism would likely not be a worthy effort on a citywide scale for the CVB.

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INTRODUCTION, DESCRIPTION OF PROJECT, AND METHODOLOGY

Purpose of the Report

Key stakeholders in Springfield, Missouri have joined together to engage a study related to the competitiveness of, and future development options for, the meetings and group market. The stakeholders, hereafter referred to as the Partners, include the City of Springfield, the Springfield Convention and Visitors Bureau (CVB) and Hammons Hotels & Resorts (Hammons).

One of the questions driving the engagement of the study is the fate of a parcel of land adjacent to the Springfield Expo Center that had been slated for hotel development. Hammons had purchased the property from the City based on their proposal to develop a full-service hotel to support the Expo Center. However, with the onset of the recession and the economics of hotel development severely hampered by the banking crisis and local market conditions, Hammons was not able to develop a hotel in a timeframe that met the City's original request, which allowed the city to repurchase the parcel at a discount. However, due to Hammons' role as a key stakeholder in the community (due to their ownership of the University Plaza Hotel, management of the Expo Center and location of their headquarters one block from the Expo Center), the City and the CVB determined with Hammons that they should come together to study the highest and best use for the adjacent parcel prior to the city's repurchase of the land at a substantial discount.

With the fate of the land in question, it begged several larger questions. Before determining the highest and best use for the land, specifically the hotel development question, the community should understand what the overall vision for the meetings and convention market is for the Expo area. In order to understand or determine a vision, an assessment needed to be made of the current status of the meetings and convention offerings of Springfield:

- Does the community have the assets and provide the type of experience that meeting and event planners seek? This includes a question of whether the existing key assets (the Expo Center, University Plaza Hotel and downtown as an anchor) have the physical programming, service, management, marketing and other elements necessary to compete effectively.
- If Springfield offers what is needed to effectively compete in the market currently, what does this imply for land and other development in the Expo area? If not, what does Springfield lack that it needs to compete effectively? What does this imply for land development of the parcel in questions as well as other parcels in the Expo area?
- If the community is lacking certain assets or experiences, how are those best developed and how much are they likely to cost? How will these assets and experiences translate into new visitors? Is the investment worth it? If nothing is done, what past investments will suffer? If new investment is made, what generally are the benefits to the community?

The Partners are forward thinking by not rushing into a singular development decision without first studying the overall plan and vision for the Expo area. Allowing for a comprehensive competitiveness study to determine a way forward (or at minimum the options to move forward) shows that the Partners recognize that conditions change, options are numerous and a larger, well thought out vision is key to long-term success.

Hunden Strategic Partners (HSP) was engaged to answer these questions and has organized this report in a way that answers them based on the market conditions in 2011. Hunden Strategic Partners is a destination development consulting firm specializing in economic, tourism and real estate development. The company, located in Chicago and Indiana, conducts similar and related studies and advisory services for the public and private sector across the U.S. and internationally.

Description of the Project

The following report has been organized in a way that answers the questions posed by the Partners. The report includes the following:

- **Chapter 2.** Profiles the Springfield market, including economic and demographic information that will inform the analysis.
- **Chapter 3.** Is an assessment of the Expo Center, its performance, physical offerings, management and marketing.
- **Chapter 4.** Provides an assessment of the local hotel market, especially those hotels contributing to the hosting of events.
- **Chapter 5.** Discusses the current convention, meeting and event industry, trends and the implications for Springfield.
- **Chapter 6.** Is the critical competitiveness assessment showing Springfield in comparison to the offerings of its competitors.
- **Chapter 7.** Provides the results of a survey of meeting planners conducted specifically for this analysis.
- **Chapter 8.** Presents an assessment of relevant peer markets to Springfield and how they have developed their meetings-oriented infrastructure.
- **Chapter 9.** Is a discussion of site development options given the prior analysis.
- **Chapter 10.** Provides recommendations for the Expo area, including the Expo Center, the adjacent land, the existing University Plaza hotel, other parcels in the area and the connection to downtown. Also makes non-bricks and mortar suggestions that would improve the long-term odds of success.
- **Chapter 11.** Estimates the demand and financial results for the recommended facilities, assuming the recommendations are put into place in an orchestrated fashion.
- **Chapter 12.** Estimates the cost (public and private) for any recommended items.

Conclusions

The questions that Springfield seeks to answer are not uncommon, however Springfield is in a fairly unique situation in that, for its size and location, it has a stronger than usual set of competitors in the region. These place a greater challenge on the community to perform at levels that most cities of its size would not need to in order to succeed on a relative basis.

Local Market. Springfield, Missouri is a growing market with an several key economic drivers, including Bass Pro Shops, Assemblies of God and Missouri State University. The local assets support the growth of downtown, growth of the overall market, lower than average unemployment, higher than average education level and several key local attractions. The only key statistic that stands out as a negative is the relative lack of income growth compared with Missouri and the U.S. as a whole. Typically university markets are able to keep pace or exceed average income levels. Overall, the key factors driving the market suggest that Springfield is a community with a positive, growth-oriented future. This bodes well for the need for meeting, hotel and convention demand and suggests that the local demand for facilities will continue to expand. Communities without facilities to support local demand will see that demand seek other facilities in other markets for their events and related activities.

Expo Center Performance. The Springfield Expo Center is hindered by its lack of ballroom and substandard Halls 1 and 2, the former Sears space, as well as a lack of breakout meeting rooms. Due to the management company's efforts to not lose money onsite, it only markets and rents to events that generally make money, which are often consumer shows. These provide little positive economic impact, as most dollars are recycled within the community. In addition, the long-term management agreement limits the City's flexibility and ability to induce change. In total, the management agreement and facility ensure a facility that performs at a very limited and static level and generates very little for Springfield in terms of room nights, visitor spending and fiscal impact.

Local Hotel Market. The competitive hotel market in Springfield consists of several new, limited-service properties that perform at the top of the market and a few, older, larger group hotels that struggle to maintain occupancy, rate or both. The University Plaza is the largest local hotel and has the lowest occupancy. There has been a flight to quality and the visitor market has shown that it is willing to pay as much as \$30 on average more than what the University Plaza gets for a branded, newer product, despite the lack of amenities such as restaurants and function space. There does not appear to be a trade-off between occupancy and rate, as exhibited by these properties that succeed on both measures. This general competitive hotel situation is not unusual and can be rectified by improvements to the older hotels, along with branding, which drives reservations. A new hotel near the Expo Center would force the quality issue with the University Plaza. However, without any changes to the Expo Center area or the University Plaza, the University Plaza is likely to cycle downward over time and will require more and more capital infusions to remain a viable product. As the University Plaza goes, as the primary group hotel, so goes Springfield's position as a group destination. It therefore is critical to the success of Springfield that the University Plaza be a healthy partner in the business.

Group Market Industry Trends. The convention and conference event industry is diverse and responds well to facilities that can accommodate their needs, such as assembly space for general sessions and displays, ballroom facilities, and numerous breakout-meeting rooms. Supply has been outpacing demand in the convention and meetings industry, even before the economic downturn in 2008. Even in an economic downturn, however, more than 65 percent of convention and meetings facilities are expanding, renovating or building new facilities. This will continue to drive pricing down, which is favorable for planners and unfavorable for meeting facilities. “Buying” business is a factor for a number of events, when rent is either reduced or eliminated for the more important shows. This has started at the top of the convention/event food chain in Las Vegas and worked its way down to the smaller venues. Branson’s new facility has changed the regional marketplace and their entry into the market has put increased downward pressure on pricing. Jefferson City’s new facility will also make the market more competitive.

Important factors in the decision process of choosing a convention or meeting site include availability of nearby hotel rooms, cost of travel, and meeting space in the convention center and hotels. The most important types of meeting space now are the number of breakout meeting rooms and ballrooms. Expo and exhibition space are still important, but less so now than in the past. Higher rated business (corporate, medical, association) needs many breakout rooms and high quality ballrooms to conduct their trainings and other meetings. Affordability is another important factor, as discussed. Springfield must consider all these factors when making decisions about the future of the Expo Center. However, it is clear why Springfield is suffering in the meetings and events business: it lacks the hotel package (size, quality, room block and connectivity) and the types of space needed (lack of breakout meeting rooms at both University Plaza and the Expo Center as well as a lack of a ballroom at the Expo Center).

Is investment in this industry worth it? The market is absorbing expansions planned during the past economic expansion and so combined with the recession, performance has been weak. However, with the economy on the rebound and civic budgets strained, new expansions/supply increases should be constrained for the next several years while demand should increase. This will mean that for the next five to ten years, the expanding demand will need to make do with the small improvements in supply that communities can afford. Those that put the right package together: hotels and the right kinds of function space in a walkable package, will generate new meetings and event business. Enhancing the ‘fun’ side of the community, such as a nearby downtown or entertainment/restaurant district, will provide the community more to sell against its competitors.

Competition. Springfield competes against both small and large communities, but all offer a compelling hook to lure groups. Two communities, Kansas City and St. Louis, offer big city attractions, amenities and facilities. Their respective key group-oriented suburbs, Overland Park, Kansas and St. Charles, Missouri, offer excellent new facilities and hotels, not to mention shopping and restaurants, in a low-cost, low-hassle suburban environment. Other small markets in Missouri and northwest Arkansas (Lake of the Ozarks, Rogers/Bentonville, Jefferson City and Columbia) offer, or in the case of Jefferson City, will offer a variety of large group hotels, amenities and facilities that compete at various levels with Springfield. These are typical of the type of competition found in cities of their sizes, large or small.

However, perhaps the market that underscores Springfield's unique challenge and puts Springfield in a competitive box is Branson. Branson is located only 45 minutes from Springfield, is a smaller market, yet has the amenities and assets that the group market seeks: high quality, new convention and hotel facilities, extensive shopping and dining near the facilities, live entertainment in multiple theaters and venues, air service, attractions, natural beauty and recreation opportunities. This provides Branson with big city options in a small town environment, plus the dozens of theaters and shows that have made Branson internationally famous. This competitor, located so close to Springfield, creates a unique challenge. However, Branson is not the easiest place to access and it is not a hub of corporate activity. These are areas in which Springfield can leverage its assets, relatively speaking.

Although the competitive facilities are of varying size and quality and communities large and small, each has directly competed with the Springfield Expo Center at some point. HSP was able to attain performance information for five of Springfield's strongest competitors.

The following table provides an overview of each venue's performance in 2010.

Table 1-1

Competitive Set Comparison Overview - 2010							
Market	Events	Events per 10,000 SF of Exhibit Space	Attendance	Avg. Attendance per Event	Attendees per Square Foot of Exhibit Space	Room Nights Generated	Room Nights per Square Foot of Exhibit Space
St. Louis, MO	178	3	793,204	4,456	1.3	219,587	0.37
Kansas City, MO	409	11	593,087	1,450	1.5	211,250	0.54
Overland Park, KS	285	49	251,021	881	4.3	40,417	0.70
St. Charles, MO	305	109	243,361	798	8.7	20,943	0.75
Branson, MO	248	26	187,645	757	2.0	n/a	--
Average	312	12	318,779	1,023	1.8	90,870	0.46
Springfield Expo Center	37	4	59,095	1,597	0.6	3,901	0.04

Source, HSP

An average number of 312 events were held by the competitive market's convention centers, attracting nearly 320,000 attendees and generating more than 90,000 room nights in 2010. Kansas City attracted the greatest number of events, 409, while St. Louis' America's Center attracted the greatest number of attendees and room nights with 793,000 and 220,000, respectively. In terms of events per 10,000 square feet of space, there was a wide range of activity, from 3 and 4 events in St. Louis and Springfield (St. Louis includes the Dome space in their exhibit space total, bringing their figure lower) to 109 events per 10,000 square feet in St. Charles. Attendance per event ranges from 757 in Branson to 4,456 in St. Louis. Attendance per square foot of exhibit space is highest in St. Charles and lowest in Springfield. Room nights per square foot of exhibit space is highest in St. Charles and Overland Park and lowest in Springfield. Springfield's total room nights per square foot is less than one-tenth of the average of the competitive cities.

As the table illustrates, the Springfield Expo Center does not approach the level of operation of these competitive markets, attracting only 37 events and 3,900 room nights in 2010. With an improved facility and hotel package, as recommended, the room nights generated should approach at least 25,000.

Existing Offerings. Springfield as a community is the heart of the largest market area in the southern Missouri region. However, while it has made an investment in the Expo Center, it has deficits in a number of areas. The Expo Center is not a full-service convention facility. It has no ballroom and lacks the number of meeting rooms needed to compete with other facilities. Its retrofitted areas limit its usage due to the ceiling heights and numerous columns. Managed by the Hammons group, it has historically been opened for use to public consumer shows and a handful of others. Other types of events either pass Springfield by or may be housed at the University Plaza Hotel, also managed by Hammons. Because the facility's losses are absorbed by Hammons and these types of venues often run a deficit under even the best conditions, the company has little incentive to keep the doors open except for certain shows. The Ozark Empire Fairgrounds often finds it easy to lure the Expo's shows to its facility.

The only group hotel near the Expo Center is the University Plaza Hotel. It has the feel of an Embassy Suites, but lacks any brand to help induce loyalty-focused travelers who seek out points and the implied promise of consistent quality. The hotel, while providing a large amount of meeting space of good quality, presents hotel rooms that are not up to the quality of its local or regional competitors. As quality has declined relative to competition, the ability to support rate has, too. Performance of the property has been so poor that on occasion, it has closed temporarily due to lack of occupancy. Other hotels in the market, despite their quality, have not closed. Ironically, this hotel serves as Hammons flagship hotel in the market and is within site of their headquarters. It is the key hotel that should induce group business to the market to use the Expo Center. The irony continues in that the other competitive markets, including St. Charles, Branson and Rogers all offer Hammons'-owned Embassy Suites or similar convention style properties that put the University Plaza Hotel to shame in terms of overall quality.

Meeting planners told HSP that despite the lack of a 'hook' like entertainment in Branson or big city excitement in Kansas City or St. Louis, high quality facilities would serve their needs and induce them to consider Springfield in their future plans. This is encouraging.

The corporate market in Springfield is strong, with BKD and Bass Pro having their headquarters in town, among many others. There have been other investments nearby, such as Hammons Field. Most notably, Springfield's downtown is becoming a very vibrant place, especially due to the presence of Missouri State University and its student population. This is a clear bright spot for Springfield. It offers a fun, eclectic mix of restaurants, shops and entertainment. However, despite the proximity of downtown to the Expo Center area, there is no visual or intuitive connection between the two. Successful group markets have often found a way to tie their group meeting assets to the excitement of downtown.

Site Analysis. HSP analyzed the site for a number of uses and scored them based on the site's characteristics, the market and our experience and judgment. Weight was not given to one factor over another. The highest score possible is 100.

Table 1-2

Site Factors (Ranked 1 - 10, 10 is Highest)*											
	Full-Service Hotel	Expo Center Expansion	Limited-Service Hotel	Restaurants	Retail	Office	Cultural	Park	Residential	Education	Warehouse
Site Size	8	8	9	9	8	8	8	7	8	4	2
Access	7	7	7	7	6	7	8	7	8	7	3
Visibility	7	7	7	7	6	7	7	7	7	7	5
Complimentary Uses	10	10	9	7	5	6	6	5	3	3	1
Leverage for Future Development	9	9	7	7	6	5	5	5	3	2	1
Impact on Existing Surrounding	10	9	8	6	5	4	6	5	2	2	0
Tax Generation	10	4	8	7	7	7	1	0	7	1	3
Tourism Impact	10	9	7	6	4	1	4	2	1	0	0
Market Support	7	7	8	6	4	4	3	5	4	1	2
Need/Opportunity	10	10	7	7	4	5	4	4	2	1	2
Total	88	80	77	69	55	54	52	47	45	28	19
Rank	1	2	3	4	5	6	7	8	9	10	11
* If a factor is not applicable, a score of 5 was given. Source: HSP											

As shown, the scores ranged from 19 to 88, with the full-service hotel ranked highest, followed by the Expo Center expansion. A limited service hotel and restaurants followed. There were five uses that scored from 45 to 55 points, which suggests they would be marginally helpful on this site and/or the site would be a fair site for these uses, but not exemplary. Two uses scored below 30: education and warehouse. Education scored badly because it would not have a significant or positive impact on the surrounding uses, would not generate other development or tax revenue. A more detailed discussion of each site option appears in Chapter 9 of this report. Ultimately, a use related to and supportive of the Expo Center and/or University Plaza was rated highest. While many uses score in the middle of the group and would be fair uses, they would have a detrimental effect on the long-term ability to improve the Expo Center and University Plaza by precluding supportive future developments.

Recommendations

If Springfield wants to compete effectively in this market, it will have to make investments in competitive, high-quality facilities. This includes hotels and meeting facilities. Specifically HSP recommends:

- A full-service 200- to 250-room hotel (HSP has assumed 240 rooms) on the site adjacent to the Expo Center to be serviced by the existing parking structure. The hotel must be able to survive on its own (without the aid of the Expo Center), so it does need its own function space (ballroom and meeting rooms) in order to book business consistently.
- A renovation of the Expo Center to a full-service convention center. This will require the addition of a ballroom, meeting rooms and onsite kitchen. New meeting space additions are recommended as a total replacement of the former Sears space (i.e., demolish and rebuild high-quality ballroom and meeting rooms on that site). The current Sears space has low ceilings and multiple columns that make it difficult to use for many types of events and it cannot be renovated to a better use without the total structure being rebuilt, due to the columns. By replacing it with a full-height ballroom (24 feet or more high) of approximately 20,000 square feet and a meeting room block of 14,000 square feet (on two levels), the facility will be fully-functioning yet within its current footprint. It should be renamed the Springfield Convention Center. The gross building size will not change appreciably, but the functionality, marketability and impact it will have will be greatly improved. To service the improved facility, a kitchen is needed onsite.
- The mix of hotel and facilities will not work well if the University Plaza is not upgraded. While the hotel's economics may not provide its owners the incentive to invest in either a brand or the physical quality associated with such a brand, it is necessary for the community to compete. As a result, it is recommended that the plan include an upgrade to the University Plaza to a brand like Embassy Suites, including the associated physical, service and marketing improvements that would provide. The hotel also should be connected to its convention center instead of forcing meeting attendees outside for 25 feet, as is currently the case. Finally, HSP recommends adding meeting rooms to the facility, as it has very few relative to its ballroom and exhibit space. Having viewed this situation elsewhere (as well as the financials associated with the current hotel), the public sector will likely need to partner with Hammons to make this a financially feasible endeavor.
- Springfield will also need to have a pleasing and attractive environment in which to hold meetings and events to compete with the natural beauty or other draws of Springfield's competitors. This means creating an active restaurant, retail and entertainment environment around the Expo Center and hotels and one that also connects people to the downtown area via infill development along St. Louis Street. Currently the downtown is disconnected from the Expo area (despite its proximity). By developing compelling attractions like restaurants, novelty retail and some entertainment on the parking lots between the Expo Center and University Plaza

Hotel, Springfield will create an attractive environment for meetings. Removing surface parking may create the need for structured parking for University Plaza. The new, mostly empty parking structure where the CVB is housed should likely service the new hotel. By filling in the surface parking with a critical mass of restaurants and some retail, a physical connection can also be made between University Plaza and the Expo Center, which will improve competitiveness.

- Based on HSP's interviews with meeting planners, local stakeholders and competitor stakeholders, Springfield's reputation as being in a conservative area has an impact. Many see Springfield's competitors as fun places to go, but view Springfield as overly traditional, dowdy, perhaps even out-of-date/out-of-touch. While this does not match the reality suggested by the University's influence, Springfield needs to market the current positive environment, while also embracing a new attitude (if it wants to shed this image). Springfield can either embrace this existing reputation and market heavily to the family/religious market (and suffer from low price points) or it can try to broaden Springfield's appeal as a fun, collegiate-influenced place where visitors can have fun in a safe environment at a reasonable price. Developing great dining and fun entertainment options onsite will help Springfield legitimize this enhanced 'brand.' It will help tie the rest of the new hotels, arenas, etc. together as the 'new' Springfield. Having a new group hotel and expanded/improved Expo Center (which should become a convention center) is key.
- The connection to downtown is important. Creating a strong urban fabric allowing a walkable environment between the Expo Center and the downtown can be enhanced with infill development. One key area this could be accomplished is the surface parking lot east of the Discovery Center. Developing retail/restaurant space facing St. Louis Street with structured parking behind it will help provide this connection. Other infill development along St. Louis will help connect the Expo area to downtown.

HSP does not believe the new hotel or Expo/Convention Center is worth the investment if Springfield does not also create this new restaurant/retail/entertainment environment. The city's competitors from Kansas City and St. Louis to Branson all have this and Springfield will not see adequate results without the 'fun' factor. Absent this, Springfield's only competitive advantage would be price.

The following is a table showing the recommended components.

Table 1-3

Recommended Components of Springfield Master Plan			
Facility	Component	Current SF	Recommended SF
Expo Center*	1 Exhibit Hall	44,400	44,400
	1 Trade Center (two levels)	47,000	0
	1 Ballroom	0	20,000
	17.5 Meeting Rooms	3,750	14,000
		95,150	78,400
New Convention Hotel	240 Rooms		
	1 Grand Ballroom	0	9,000
	1 Junior Ballroom	0	4,000
	8 Meeting Rooms	0	6,300
	Total Function Space	0	19,300
University Plaza Hotel & Convention Center	271 Rooms		
	Convention Center*	21,600	21,600
	1 Grand Ballroom	12,800	12,800
	1 Arkansas Room	1,274	1,274
	5 Additional Meeting Rooms	0	4,200
		35,674	39,874
Restaurant, Retail & Entertainment Component	5 Restaurants	0	30,000
	4 Retail	0	14,400
	1 Entertainment	0	15,000
		0	59,400
Restaurant & Retail at Discovery Center Parking	Retail/Restaurant Space with	0	25,000
	Structure Parking behind/above	0	25,000
Total	Hotel Rooms	271	511
	Function Space	130,824	137,574
	Retail, Restaurant & Entertainment	0	84,400
	Total	130,824	221,974
* Recommend Renaming Expo Center to Convention Center. Rename Convention Center to Hammons Hall. Source: Hunden Strategic Partners			

As shown, the old Sears space of the Expo Center should be razed and replaced with a ballroom, meeting rooms and a kitchen. A new convention hotel of approximately 240 rooms should be developed adjacent to the Expo Center, along with its own function space. The University Plaza should upgrade its rooms, re-acquire a brand, add breakout meeting rooms and connect its facilities together. Amongst this development should be restaurant, retail and entertainment outlets that provide attendees with easy ways to eat, drink, be entertained and shop – and these elements should also be programmed to connect the Expo Center to downtown, if possible.

Demand Projections. If the recommendations are enacted, thousands of additional attendees and room nights will be induced to the market, with many staying at the University Plaza and new recommended hotel. The number of events is expected to multiply by several times compared to the 30 – 35 annual events currently hosted by the Expo Center. HSP analyzed a number of comparable facilities to understand how the recommended facility would perform.

The table below summarizes the projected event demand for the Center in Springfield.

Table 1-4

Springfield, MO Convention Center Event Demand Summary										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions and Trade Shows	15	17	19	20	21	21	21	21	21	21
Consumer Shows	21	22	23	24	24	24	24	24	24	24
Sports/Entertainment Events	5	6	7	7	8	8	8	8	8	8
Sub-total Exhibit Hall	41	45	49	51	54	54	54	54	54	54
Non-Exhibit										
Corporate Events and Conferences	17	19	21	23	25	25	25	25	25	25
Banquets & Meetings	48	50	53	56	58	58	58	58	58	58
Meetings Room Events	110	116	121	127	134	134	134	134	134	134
Sub-total Non-Exhibit	175	185	195	206	217	217	217	217	217	217
Total	216	230	244	257	271	271	271	271	271	271

Source: HSP

The facility is projected to host 216 events in the first year, increasing to 271 events annually by stabilization. The largest events are the fewest and will occur in the exhibit area or in all areas, while the majority of events are smaller and will occur in the meeting and ballroom spaces.

The next table summarizes the projected attendance by type of event after the recommended renovation to the Expo Center.

Table 1-5

Event Type	Projected Attendance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Conventions and Trade Shows	6,700	8,000	8,300	8,800	9,300	9,300	9,300	9,300	9,300	9,300
Consumer Shows	42,000	44,000	46,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Sports/Entertainment Events	8,800	10,500	12,300	12,300	14,000	14,000	14,000	14,000	14,000	14,000
Corporate Events and Conferences	6,600	7,300	7,900	8,300	8,900	8,900	8,900	8,900	8,900	8,900
Banquets & Meetings	16,200	18,500	19,400	20,000	20,900	20,900	20,900	20,900	20,900	20,900
Meetings Room Events	37,400	38,800	40,200	42,000	44,900	44,900	44,900	44,900	44,900	44,900
Total All Events	117,700	127,100	134,100	139,400	146,000	146,000	146,000	146,000	146,000	146,000

Source: HSP

Attendance is projected to increase from 117,700 to 146,000 over the period. This will generate fiscal, economic and employment impacts for Springfield that will help long-term economic growth.

Financial Projections. The renovated Expo Center (HSP suggests renaming it to better reflect its capabilities) should be able to generate a significant amount of business while limiting annual operating losses, depending on how the management contract is structured for the facility.

Cost. While there are many decisions to be made about what gets developed, redeveloped or otherwise, it is helpful to understand the potential costs involved. Below is a table showing the estimate cost range and public/private support for the various recommended components.

Table 1-6

Preliminary Cost Estimate for Recommended Components						
Facility	Low Cost Range	High Cost Range	Public Cost (Low Range)	Private Cost (Low Range)	Public Cost (High Range)	Private Cost (High Range)
Expo Center & Ped Connection	\$10,200,000	\$17,000,000	\$10,200,000 100%	\$0 0%	\$17,000,000 100%	\$0 0%
New Convention Hotel	\$31,200,000	\$42,000,000	\$5,200,000 17%	\$26,000,000 83%	\$16,000,000 38%	\$26,000,000 62%
University Plaza Hotel & Structured Parking	\$13,000,000	\$18,000,000	\$3,500,000 27%	\$9,500,000 73%	\$8,500,000 47%	\$9,500,000 53%
Restaurant, Retail & Entertainment Component	\$14,850,000	\$20,790,000	\$1,782,000 12%	\$13,068,000 88%	\$7,722,000 37%	\$13,068,000 63%
Restaurant & Retail at Discovery Center Parking	\$8,750,000	\$11,250,000	\$3,750,000 43%	\$5,000,000 57%	\$6,250,000 56%	\$5,000,000 44%
Total	\$78,000,000	\$109,040,000	\$24,432,000 31%	\$53,568,000 69%	\$55,472,000 51%	\$53,568,000 49%

Source: Hunden Strategic Partners

For the Expo Center renovation, it is expected that the costs to raze the Sears portion and replace it with a ballroom, meeting rooms and a kitchen will cost between \$10 million and \$17 million. This is the largest single component of potential public cost, as it will all need to be funded publicly. The new convention hotel, assumed as 240 rooms, should be able to garner \$26 million in private sector support through equity and debt commitments. The remainder, depending on the cost of the project, will need to come from the public sector. This could range from as little as \$5 million to \$16 million. The proposed restaurant, retail and entertainment amenities could range in cost from \$15 million to \$21 million, assuming a 60,000-square foot development. The Discovery Center parking lot infill concept could cost from \$9 million to \$11 million, due to the construction of structured parking.

If the community had to prioritize the projects, HSP recommends improving the Expo Center first and changing the management contract.

Other Options

If the community is reticent to spend the funds needed for a full-service set of facilities that would position it for success, it has a secondary option: it can opt to connect the Expo Center to the University Plaza, connect the University Plaza to itself and work to attract a hotel (likely limited service) to the site in question. The connections and improvements would likely cost just

a few million dollars and the limited service hotel would require a minimal subsidy. The pros to this approach include an extremely limited public investment, yet an improvement in the package provided for events. However, this benefit would accrue almost solely to the University Plaza and if a limited service hotel is built, to it.

Regardless what the City determines is best, the current situation has provided limited benefits to University Plaza, local tourism, the CVB, tax generation and for the reputation of the City. Action should be taken, either toward a minimalist solution that will likely limit future opportunity, but help solve some marketability issues, or toward a more comprehensive approach that can be phased or enacted at once.

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Airport Access

The Springfield-Branson National Airport (KSGF), originally opened in 1945 as Springfield-Greene County and was shortly thereafter renamed to the Springfield Municipal Airport. In 1992, the airport took on the name Springfield-Branson Regional Airport to capitalize on the growth and success of the city of Branson, located 50 miles south of Springfield. In 2002, it took on its current name. Commercial airlines operating through KSGF include Allegiant, American Eagle, Delta Connection and United Express and direct connections are available to ten U.S. cities: Atlanta, Chicago, Dallas-Fort Worth, Denver, Las Vegas, Los Angeles, Memphis, Orlando, Phoenix and Tampa. The airport averages approximately 75,000 aircraft operations annually. The challenge with the airport are the high prices associated with tickets, which can average \$200 or more than a ticket from Kansas City or St. Louis. This keeps usage lower than it otherwise would be with competitively priced tickets.

Highway Access

Springfield is regionally connected to multiple cities through a series of highways and is along historic Route 66. Interstate 44, which follows Route 66 generally, begins in the southwest corner of Missouri and continues through Springfield on to St. Louis. Missouri Route 13 is a north-south roadway that connects Springfield to the Kansas City area. US Route 65 begins in Minnesota and travels through Springfield, connecting with Little Rock, and onward to Louisiana. US Route 160 is an east-west roadway which passes through five states. Overall, access from Springfield to Kansas City and St. Louis is easy due to the interstate quality of Route 13 (to Kansas City) and I-44, which offers a direct route to St. Louis.

Public Transportation

The City of Springfield offers bus service to residents and visitors managed by City Utilities, an independently operated, municipally-owned utility. The bus service began in 1945 and presently maintains 14 routes during the day and four fixed night routes. City Utilities also provides a paratransit service for those who need additional transportation services.

Population

A large population base is important to the success of a meetings facility and related developments because a significant share of its users will be local businesses and residents.

The table below shows the population characteristics of the state, MSA, County and City.

Table 2-1

City of Springfield, Springfield MSA, Greene County, and State Population and Growth Rates				
	Population			Percent Change
	1990	2000	2010	2000-2010
United States	248,709,873	281,421,906	309,050,816	8.9%
State of Missouri	5,117,073	5,595,211	5,988,927	6.6%
Springfield MSA	264,346	368,374	436,712	15.6%
Greene County	207,949	240,391	275,174	12.6%
City of Springfield	140,494	151,580	159,498	5.0%
City Pop. As % of MSA	53.1%	41.1%	36.5%	

Source: U.S. Census Bureau, HSP

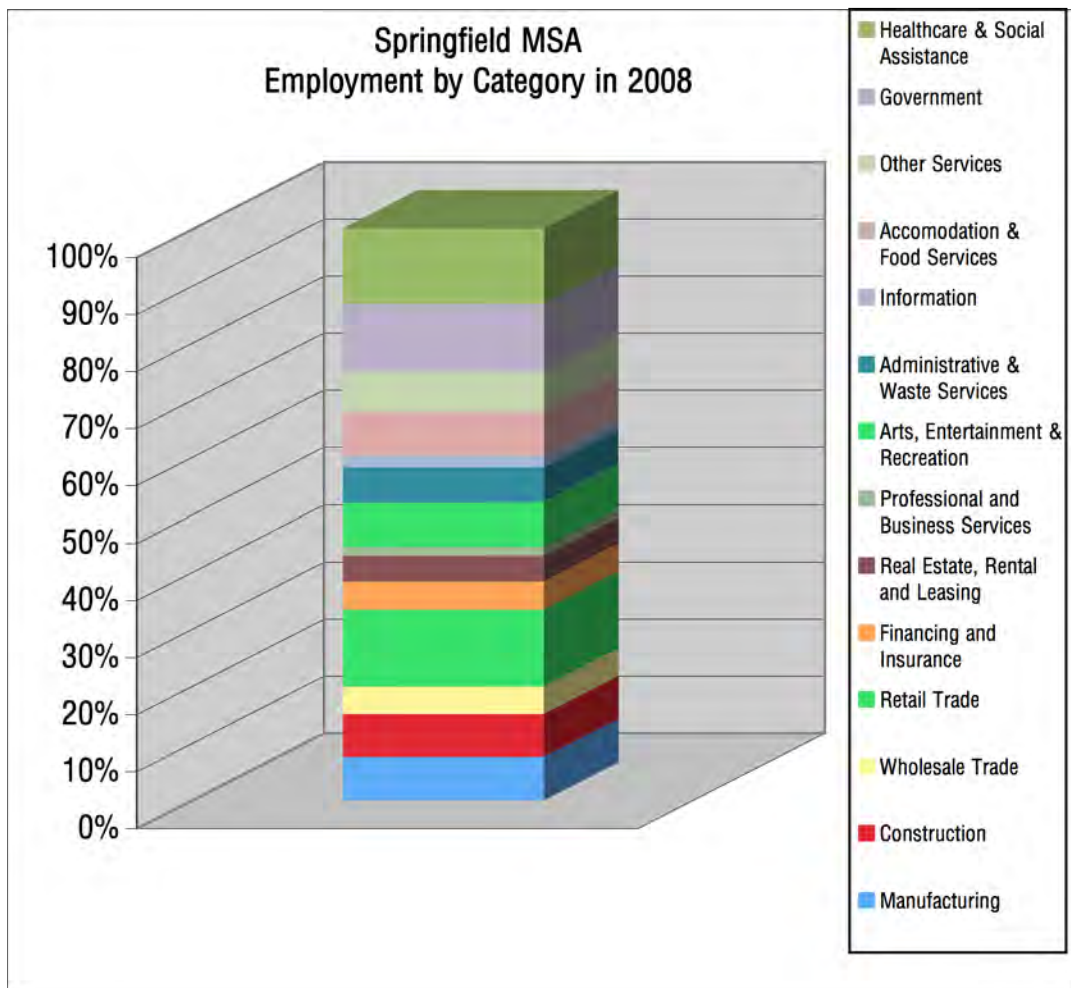
The Springfield area and Greene County experienced a much higher population growth rate than the U.S. as a whole from 2000 – 2010, however the city grew only five percent during the period. The Springfield MSA grew at the highest rate, nearly 16 percent, over the ten year period. The City of Springfield grew to nearly 160,000 residents and makes up nearly 60 percent of Greene County's population and approximately 40 percent of the MSA, which includes five counties. However, growth of the suburban areas is exceeding that of the city of Springfield. In the past twenty years the city's proportion of the MSA has decreased from 53.1 to 36.5 percent.

Diversified Economy

A healthy and diversified economy provides not only employment and disposable income for a market's residents, but it also helps to insulate an area from economic downturns. Markets that have historically relied on one sector have often had difficulty recovering from market shifts to other sectors, which lead to an overall loss of local income and employment. This situation will often lead to declining population trends, as has been the case in many industrial cities, as residents move to other areas with better opportunities. Markets with diversified employment can often withstand economic downturns better than those reliant on one industry.

The figure below shows the diversification of the Springfield MSA employment totals, as provided by the Bureau of Economic Analysis (BEA).

Figure 2-2



As shown, employment in the Springfield MSA has several primary industries: Government, Healthcare and Social Assistance, Accommodation and Food Services, Retail Trade, and Arts, Entertainment and Recreation. The area is not dominated by one particular industry or sector, insulating from severe shocks relative to other areas. Missouri State University plays a vital stabilizing role in the local economy and provides a ready work force for local companies. It is key driver of growth in the community.

Education

The level of education in a community is generally linked to income potential and hence, disposable income. Highly educated people have more choices in their decision to locate themselves and their families. The higher the education level, the stronger the labor market and the more disposable income is available for spending on eating out and attending events.

The table below shows the educational attainment in Springfield.

Table 2-2
City of Springfield Educational Attainment

Age 25+ Population	Springfield	United States
High School or Above	90.3%	84.6%
Bachelors Degree or Higher	28.3%	27.5%
Graduate Degree	8.4%	10.1%

Source: US Census Bureau, HSP

As shown, Springfield exhibits an educational attainment level that is greater than the national average in terms of bachelor's degrees and high school graduates. This should contribute to a healthy economy in the long-term.

Income and Employment

The depth and strength of a market's employment base and income levels is a strong indicator of its ability to support meeting and event facilities. Indicators of a market's overall wealth and growth can include trends in its income and employment.

The following table summarizes the historical growth in income per employed individual in Greene County, the Springfield MSA and the state of Missouri from 2000 through 2008, based on the latest data provided by the Bureau of Economic Analysis.

Table 2-3
Local MSA vs. County vs. State Income and Employment

Year	Greene County		Springfield MSA		State of Missouri	
	Income/ Employed	% Change	Income/ Employed	% Change	Income/ Employed	% Change
2000	\$34,882	--	\$38,419	--	\$54,504	--
2001	\$37,166	6.5%	\$40,719	6.0%	\$56,763	4.1%
2002	\$37,457	0.8%	\$41,273	1.4%	\$59,031	4.0%
2003	\$38,783	3.5%	\$42,711	3.5%	\$61,194	3.7%
2004	\$39,691	2.3%	\$43,938	2.9%	\$63,361	3.5%
2005	\$40,507	2.1%	\$45,003	2.4%	\$65,211	2.9%
2006	\$42,061	3.8%	\$46,785	4.0%	\$68,538	5.1%
2007	\$43,341	3.0%	\$48,341	3.3%	\$71,088	3.7%
2008	\$44,173	1.9%	\$49,481	2.4%	\$73,930	4.0%
Increase 2000 to 2008	\$9,291	26.6%	\$11,062	28.8%	\$19,426	35.6%

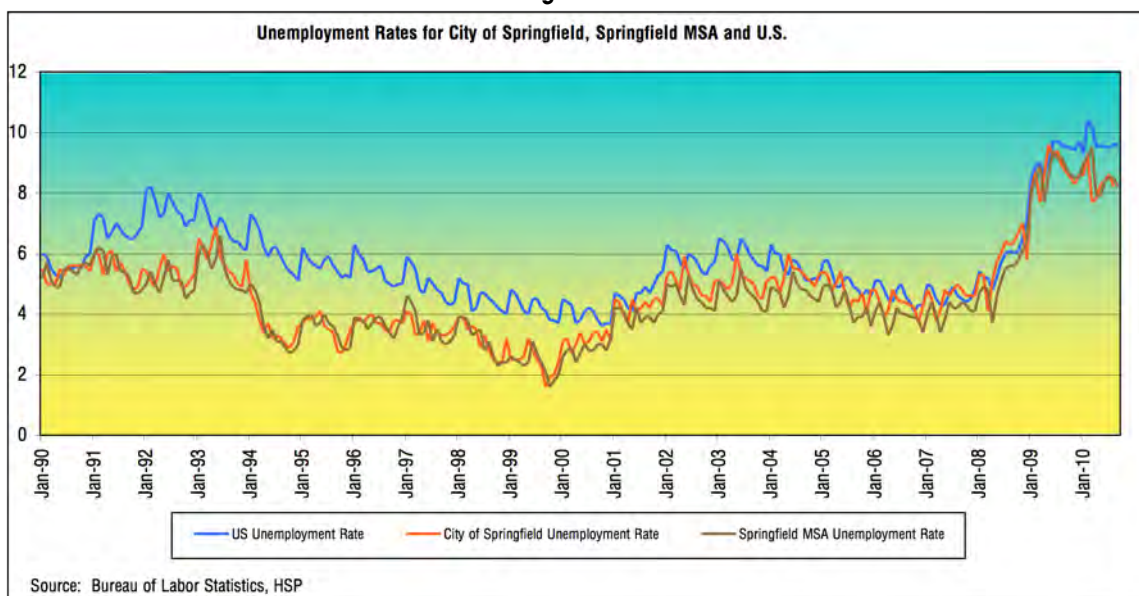
Source: Bureau of Economic Analysis, HSP

Both Greene County and the Springfield MSA have income levels that are substantially below the state average. In 2000 the average income level in Greene County was \$20,000 below the state average, while the Springfield MSA was \$16,000 less than the state. The rate of growth for income per employed person is also lower in the Springfield area than in the state as a whole. Average income increased less than \$10,000 from 2000 to 2008 in Greene County, and \$11,000 in the Springfield MSA, while the average increase in the state was \$19,000 over that period. The percent of growth was also less, 26.6 percent in Greene County, 28.8 percent in the Springfield MSA, and 35.6 percent in the state as a whole. Therefore, the average income in the Springfield area began at a lower level than the state average, and income increases did not keep pace with the state increases. This lag in income suggests that the Springfield area is not keeping pace with the state as a whole in terms of prosperity, despite its growing population.

Unemployment

The figure below shows the unemployment rate in the City (orange line), the MSA (brown line) and the U.S. (blue line) for 1990 through 2010.

Figure 2-3



The unemployment rate for Greene County and the Springfield MSA area has consistently been lower than the average from the entire country. These unemployment figures demonstrate the area's ability to remain somewhat resistant to economic downturns, at least relatively speaking. Its current rate of unemployment of just over eight percent is high compared with past years, but it is lower than that of the nation.

Corporate Presence

In general, a market's corporations provide stability to a market and generally consistent employment. They also provide demand for various real estate developments, especially meeting and hotel facilities.

The following table shows the largest employers in the Springfield MSA, by number of full-time employees.

Table 2-4

Springfield Area Top Employers		
Company Name	Industry	Number of Employees
St. John's Health System	Healthcare	6,841
CoxHealth Systems	Healthcare	6,355
Walmart Stores Inc.	Retail	3,927
Springfield Public Schools	Education	3,154
Missouri State University	Education	3,065
United States Government	Government	2,800
State of Missouri	Government	2,346
Bass Pro Shops	Retail/Manufacturing	2,326
Citizens Memorial Healthcare	Healthcare	1,600
City of Springfield	Government	1,540
Chase Card Services	Financial	1,350
O'Reilly Auto Parts	Retail/Distribution	1,308
Springfield City Utilities	Utility	1,019
Kraft Foods Inc.	Manufacturing	1,007
Burlington Northern Santa Fe Railroad	Transportation	950
General Council of the Assemblies of God	Religious	881
Ozarks Technical Community College	Education	800
Prime, Inc.	Transportation	800
American National Property & Casualty Co.	Insurance	788
Greene County	Government	733
Paul Mueller Company	Manufacturing	730
Loren Cook Company	Manufacturing	725
Associated Wholesale Grocers	Retail/Distribution	717
Republic R-II School District	Education	715
Burrell Behavioral Health	Healthcare	702
T-Mobile USA	Telecommunications	700
SRC Holdings	Manufacturing	660
Ozark R-VI School District	Education	656
AT&T	Telecommunications	630
Nixa R-II School District	Education	622
Ozarks Community Hospital	Healthcare	584
Great Southern Bank	Financial	514
Lowe's Stores	Retail	504
Source: Springfield Business Development Corp, HSP		

As shown, the largest employers in the Springfield MSA are primarily government, healthcare and education employers, including the the St. John's Health System and CoxHealth System as the area's top two employers with over 6,000 employees each. Walmart has nearly 4,000 local. Springfield Public Schools and Missouri State University each employ over 3,000 individuals. Of the listed top employers, five are healthcare, six are educational, and four are government. Notable large local employers include the following headquarters: Bass Pro Shops (which is also a major tourist attraction), O'Reilly Auto Parts and BKD, LLP a large accounting and audit firm.

Higher Education

The presence of colleges, universities, and educational institutions can serve as a major demand base for meeting, event and hotel facilities.

The table below shows colleges and universities in the Springfield area.

Table 2-5

Springfield Area Colleges & Universities			
Institution	Location	Highest Degree Offered	Number of Students
Missouri State University	Springfield, MO	PhD	20,949
Ozarks Technical Community College	Springfield, MO	Associate	13,617
Drury University	Springfield, MO	Graduate	5,474
Southwest Baptist University	Bolivar, MO	Graduate	3,470
Evangel University	Springfield, MO	Graduate	1,735
Baptist Bible College	Springfield, MO	Graduate	571
Central Bible College	Springfield, MO	Bachelor	561
Assemblies of God Theological Seminary	Springfield, MO	PhD	474
Source: HSP			

There are several area educational institutions that offer degree programs and certifications including four universities, two colleges, one seminary and one community college. The largest is Missouri State University, with nearly 21,000 students and more than 3,000 staff. In addition to providing educational opportunities for Greene County residents, these colleges and universities offer attractive employment opportunities that provide increased spending power in the market. These schools enroll approximately 45,000 students and this provides significant economic activity to the community. Missouri State's location near downtown provides that area with pedestrian activity, spending and opportunity for growth.

The following table shows the key data points for Missouri State University.

Table 2-6

Missouri State University	
Location	Springfield, MO
Year Founded	1905
Degrees Offered	Bachelors, Graduate, PhD
Total Student Body	20,949
Faculty to Student Ratio	1 to 14
Source: Missouri State University, HSP	

Missouri State University is the second largest higher educational institution in the State of Missouri. With over 20,000 students, the university offers a variety of degree programs from bachelor degrees through doctorate degrees.

Tourism

Tourist attractions provide visitors activities while in town and if compelling enough, induce visitation. The more tourist attractions, the better the community can lure meetings, events and hotel stays.

The table below shows the Springfield area top tourist attractions.

Table 2-7

Springfield Area Tourist Attractions			
Attraction	Location	Type	2009 Attendance
Battlefield Mall	Springfield, MO	Retail/Entertainment	12,000,000
Bass Pro Shop	Springfield, MO	Retail/Entertainment	4,000,000
Springfield Cardinals Baseball	Springfield, MO	Sports/Entertainment	500,000
Dickerson Park Zoo	Springfield, MO	Cultural	213,149
Wilson's Creek National Battlefield	Republic, MO	Historical	157,000
Springfield Conservation Nature Center	Springfield, MO	Sightseeing	112,000
Fantastic Caverns	Springfield, MO	Sightseeing	106,000
Discovery Center Springfield Science	Springfield, MO	Cultural	92,423
Hammons Hall for the Performing Arts	Springfield, MO	Cultural	73,500
Springfield Little Theatre	Springfield, MO	Entertainment	51,185
Wild Animal Safari	Springfield, MO	Sightseeing	45,655
Springfield Art Museum	Springfield, MO	Cultural	43,192
Missouri Sports Hall of Fame	Springfield, MO	Sports/Entertainment	30,000
History Museum for Springfield-Greene	Springfield, MO	Historical	10,840
Source: Springfield CVB, HSP			

The Springfield area includes a variety of tourist attractions including Bass Pro Shops, Fantastic Caverns, and several historical attractions like the Wilson's Creek National Battlefield. There are several entertainment and sports venues including the Springfield Little Theatre, the Missouri

Sports Hall of Fame and the Springfield Cardinals, a minor league baseball team that plays at Hammons Field. The estimated 500,000 attendees to Cardinals games make it the second most popular attraction in the area, followed by the Dickerson Park Zoo.

Springfield is home to the first and largest Bass Pro Shops with more than 300,000 square feet of retail space, a sporting goods retailer and the area's most popular tourist draw with an estimated 4 million annual visitors/shoppers. In fact, it is the largest tourist draw in the region. Next to Bass Pro Shops is the Wonders of Wildlife, which opened in 2001 but closed for extensive remodeling in 2007. It is set to reopen in 2012.

The region is also home to Branson, Missouri, which has become a nationally recognized tourist destination for its shows and attractions including the amusement parks of White Water and Silver Dollar City. While it serves as competition to Springfield in terms of serving the meetings and events market, its proximity is also a benefit to Springfield, as visitors to Springfield can combine a trip to Springfield for business with entertainment in Branson, which is only a 45-minute drive.

Meeting, Sports and Event Facilities

The Springfield area is home to a number of meeting and event facilities, including the Expo Center, which is the subject of this report. Most are either municipal or university-related and all have the ability to induce events and visitation to Springfield.

The table below shows the major meeting, sports and event facilities in Springfield.

Table 2-8

Major Event Facilities in Springfield			
Name	Size (Gross SF)	Seating Capacity	Type of Events
JQH Arena	231,220	11,000	Basketball, Sports Events, Concerts, Events
Springfield Exposition Center	112,000	4,500	Conventions, Conferences, Meetings
MSU Hammons Student Center	96,000	9,700	Sports events, Meetings
Ozark Empire Fairgrounds Grandstand	n/a	8,000	Tractor pulls, concerts
Juanita K. Hammons Hall for the Performing Arts	95,000	2,250	Performances, Events, Meetings
Ozark Empire Fairgrounds E*Plex	85,100	2,250	Trade Shows, Fair and other Events
O'Reilly Family Event Center	55,000	3,600	Basketball, Sports Events, Concerts, Events
University Plaza Hotel Conference Center	40,000	2,200	Conferences, Meetings, Events
Ozark Empire Fairgrounds Arena	37,720	2,250	Trade Shows, Fair and other Events
Shrine Mosque	34,600	3,355	Concerts and Meetings
Clarion Hotel Conference Center	16,672	900	Conferences, Meetings, Events
Ramada Oasis Convention Center	12,000	1,000	Conferences, Meetings, Events
Springfield CVB, Facilities			

The largest facility in the Springfield area is the JQH Arena, the new basketball and events facility that Missouri State University recently constructed. Opened in 2007, the 11,000-seat facility hosts

the Missouri State University basketball teams, as well as concerts and other events. The facility replaced the smaller MSU Hammons Student Center as the primary venue for athletic and entertainment events in the local community.

The Springfield Exposition Center, managed by Hammons Hotels & Resorts along with the University Plaza Hotel, is one of two exposition facilities in Springfield. It is the subject of this report and profiled in Chapter 3. The other exposition center is the Ozark Empire Fairgrounds E*Plex and Arena, used for trade shows and fair events. The new O'Reilly Family Event Center, opened in 2010 by Drury University is the home court of the men's and women's basketball teams for the university and provides an events center option for the community.

Major Events

The City of Springfield hosts a number of teams and events that draw thousands of attendees from both the local and non-local markets. The table below shows the primary sports events/teams where attendance is tracked over time, however this is not a complete list of events.

Table 2-9

Springfield Sporting Events					
Event	2005 Attendance	2006 Attendance	2007 Attendance	2008 Attendance	2009 Attendance
Springfield Cardinals	525,000	500,000	500,000	513,682	500,000
MSU Basketball (Men)	73,409	122,984	108,200	127,985	139,543
MSU Basketball (Women)	85,188	81,300	81,250	85,587	59,804
MSU Football	40,183	60,270	51,500	40,475	57,417
Price Cutter Charity Championship	35,000	41,000	38,750	37,500	37,800
Lake Country Soccer - All Tournaments	7,500	15,000	9,100	11,800	41,849
MSU Baseball	78,102	26,130	53,400	19,100	13,057
Lasers Professional Tennis Team	12,500	10,000	9,876	11,000	9,603
Greater Ozarks Bowling Tournament	10,150	10,120	10,054	9,750	9,600
Source: Springfield CVB					

The Springfield Cardinals draw approximately 500,000 attendees per year, followed by Missouri State men's basketball, with an estimated attendance of 140,000 in 2009. This program in particular has increased its popularity over the past several years.

The following table shows some of the most popular community events where attendance is tracked over time.

Table 2-10

Springfield Major Community Events						
Event	Event Type	2005 Attendance	2006 Attendance	2007 Attendance	2008 Attendance	2009 Attendance
Ozark Empire Fair	Fair	226,994	219,000	200,000	200,000	221,188
Bass Pro Shops	Spring Fishing Classic	110,503	115,000	135,000	152,000	200,000
Bass Pro Shops	Fall Hunting Classic	128,302	130,000	130,000	139,000	190,000
Halloween Spooktacular	Zoo Halloween Event	26,492	23,849	26,983	20,853	17,824
ArtsFest	Local & Regional Art Show	30,000	25,000	30,000	30,000	20,000
Cider Days	Arts & Crafts Festival	15,000	15,000	15,000	15,000	15,000
Watercolor USA	Watercolor Exhibition	10,000	10,836	9,345	7,752	9,844
First Night	New Year's Eve Celebration	5,000	5,000	5,000	6,000	6,000
Source: Springfield CVB						

The largest local event is the Ozark Empire Fair, which draws more than 200,000 attendees annually. The Bass Pro Shops' Spring Fishing and Fall Hunting Classic are also major draws, with approximately 200,000 attendees each year.

The Springfield CVB markets the area for both leisure tourists and group events, such as conventions. The table below summarizes the convention/group sales efforts of the CVB. The only groups counted are those that are actually generated by the CVB from their primary efforts.

Table 2-11

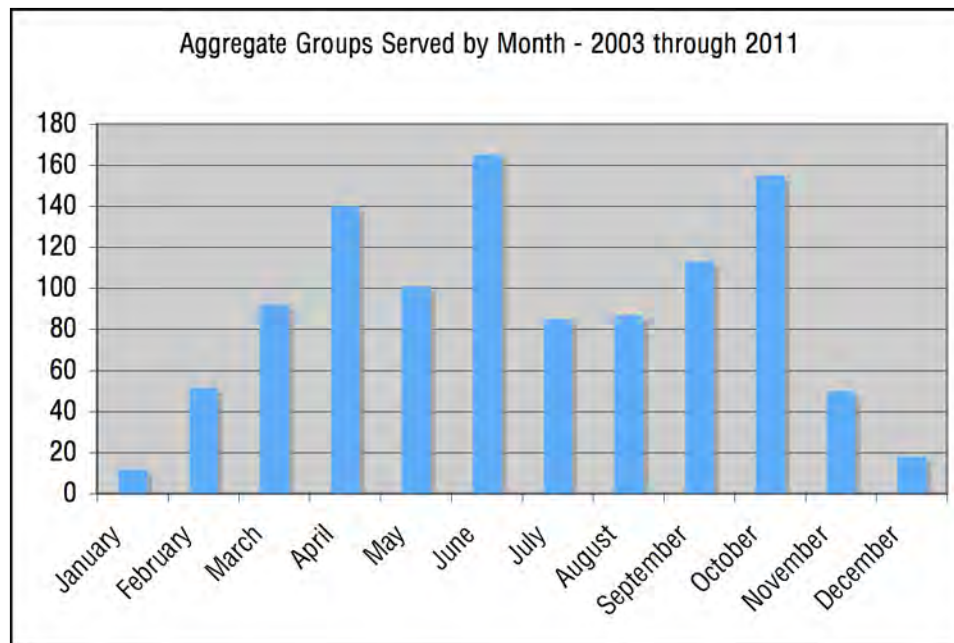
Springfield Convention Sales Summary			
Year	Definite Room Nights Booked	Number of Groups Booked	Leads Generated
1993/1994	21,000	N/A	75
1994/1995	34,000	N/A	74
1995/1996	12,742	N/A	56
1996/1997	35,285	N/A	82
1997/1998	51,698	46	77
1998/1999	46,519	27	80
1999/2000	46,304	49	83
2000/2001	37,524	47	88
2001/2002	50,111	58	85
2002/2003	69,337	58	108
2003/2004	33,952	45	103
2004/2005	70,027	84	127
2005/2006	60,025	81	144
2006/2007	38,015	73	148
2007/2008	48,244	81	106
2008/2009	92,519	62	115
Projected 2009/2010	13,002	44	94
Projected 2010/2011	56,000	62	110
Ten-Year Average	53,123	65	114

Source: Springfield CVB

According to the CVB, approximately 53,000 room nights are booked or estimated to be generated in an average year from group business (does not count leisure travel). The highest fiscal year for estimated room nights was 2008-2009, with more than 92,000, while the recession-impacted fiscal year of 2009-2010 showed only 13,000. The average number of groups booked in the past ten years is 65, with an average number of room nights per group of 820 room nights.

The figure below shows the aggregate total of group events booked by the CVB from 2003 to 2011, in order to show the general seasonality of group activity. The source for the information below is the Springfield CVB.

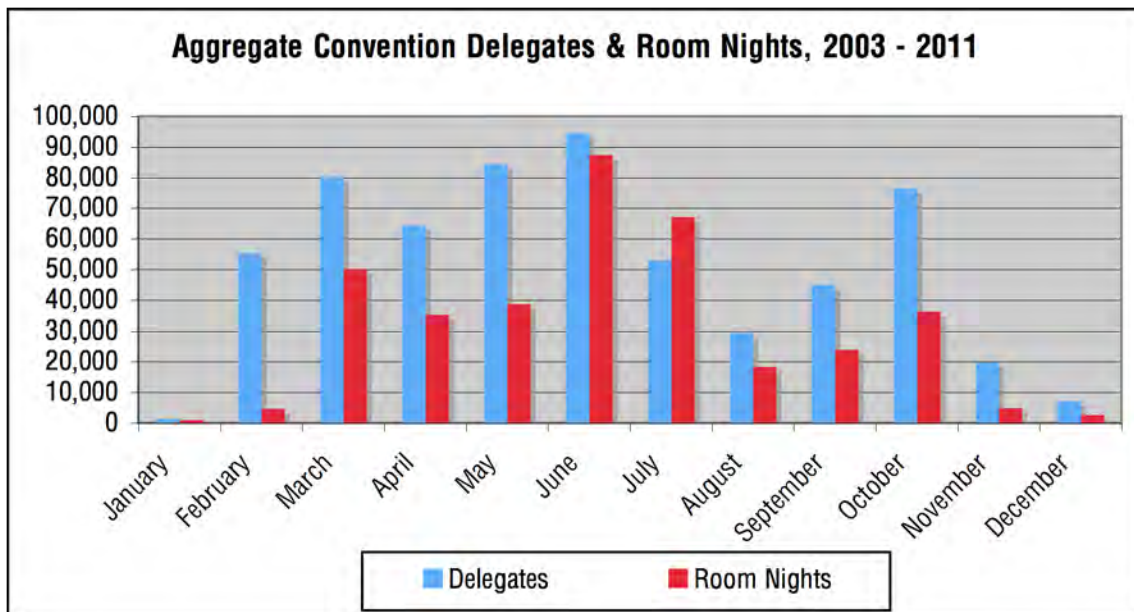
Figure 2-4



As shown, the months with the highest activity are April, June and October, while May, July, August and September are also relatively strong. December and January are the weakest months.

The next figure shows the aggregate delegates and room nights generated by the CVB for Springfield, by month, from 2003 – 2011. The source for the information below is the Springfield CVB.

Figure 2-5



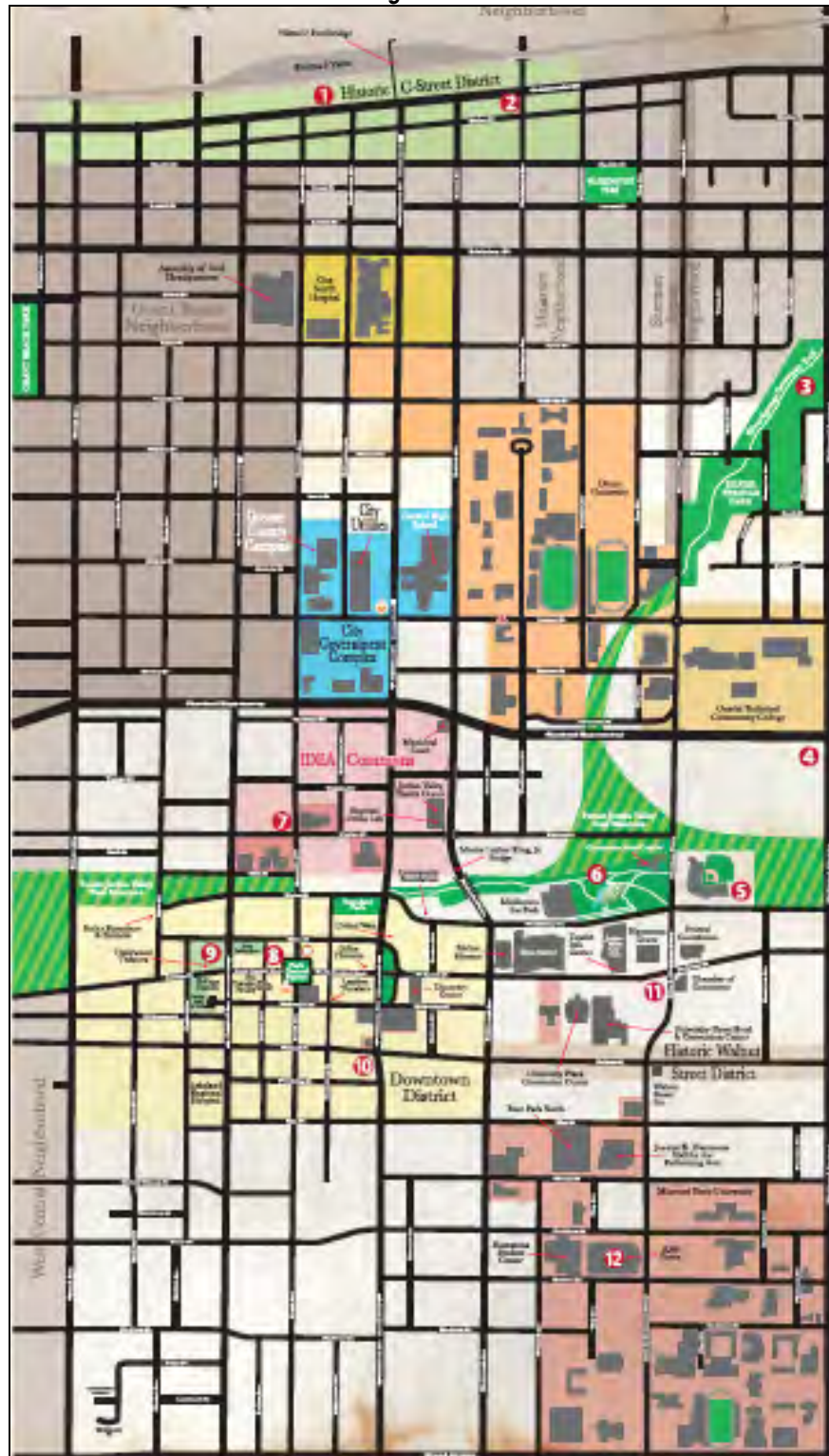
Because delegates typically will stay more than one night, the number of room nights is generally more than the number of delegates. However, the closer the lines appear together, the shorter the duration of the aggregate events. Months with the highest room nights over the period are March, June, July (the highest by far) and October.

In interviews with sales professionals at the CVB, they report that more groups could be booked if two critical issues were solved: a larger, high quality block of hotel rooms by the Expo Center, and a more multi-purpose facility with onsite catering, connected facilities and more breakout meeting rooms. This is more fully discussed in the survey chapter.

Center City and Downtown

Center City is a designation given to a wide area that includes the downtown core, the Commercial Street Historic District, the Expo Center area, and several other sub-areas. The map below shows the Center City area as defined in the City comprehensive plan.

Figure 2-6



As shown, it is a very large area. The key area of focus for this report is the area that is walkable from the Expo Center area. This walkable area, considered to be within one-quarter to one-third of a mile radius, includes downtown.

The downtown area is shown below as it relates to the Expo Center area.

Figure 2-7



Springfield's downtown core has become more vibrant over the past several years and is located just a few blocks from the Expo Center area. Led by the Downtown Springfield Association (DSA), a group formed in 1965 to promote the vibrancy of downtown, and the Urban District Alliance (UDA), the area has seen new investment, events and elevated levels of pedestrian activity. There are a number of restaurants and bars, theaters and cinemas, an upscale grocery store (very unusual for a city of this size), offices and residential developments. There are also attractions, like the Discovery Center, which is between downtown and the Expo Center area. The downtown is covered by a CID (since 1999), or community improvement district, which levies a sales tax and special assessment to fund marketing, sidewalk cleaning and parking enforcement.

The presence of the university so near to downtown provides a continual source of pedestrian activity, economic activity and general 'life' to the area that the community continues to foster. It is a key attraction that can serve as a benefit to the Expo Center as it seeks to attract events.

Market Area Conclusion

Springfield, Missouri is a growing market with several key economic drivers, including Missouri State University. The local assets support the growth of downtown, growth of the overall market, lower than average unemployment, higher than average education level and several key local attractions. The only key statistic that stands out as a negative is the relative lack of income growth compared with Missouri and the U.S. as a whole. Typically university markets are able to keep pace or exceed average income levels. Overall, the key factors driving the market suggest that Springfield is a community with a positive, growth-oriented future. This bodes well for the need for meeting, hotel and convention demand and suggests that the local demand for facilities will continue to expand. Communities without facilities to support local demand will see that demand seek other facilities in other markets for their events and related activities.

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ASSESSMENT OF THE SPRINGFIELD EXPO CENTER

Expo Center Overview

The Springfield Exposition Center (Expo Center) is located across St. Louis Street from the University Plaza and Convention Center (UP). The Expo Center hosts exhibition and trade show events as well as a variety of local events. It is one of two facilities in the local market capable of hosting large events, the other being the Empire Ozark Fairgrounds E*Plex. The Expo Center is owned by the City of Springfield and is operated by John Q. Hammons Hotels & Resorts in concert with the University Plaza Hotel & Convention Center. Events are attracted through a combined effort by the facility's management and the Springfield CVB.

The Expo Center was developed in 2002 as a combination of a new facility construction and renovation. The project was completed at a cost of \$19.3 million, financed through a bond issuance in 2002. The new construction element consists of 112,000 square feet of total convention space, concession stands, restrooms and storage. The new construction component is attached to a renovated Sears department store that was converted to function space on two levels, totaling approximately 45,000 square feet.

The table below lays out the function space at the Expo Center.

Table 3-1

Springfield Expo Center Space Breakout						
Function Space Type	Square Feet	Ceiling Height	Divisions	Theater	Capacity Rounds	Booths
Exposition/Exhibition	45,000	35	3	4,091	2,813	225
Hall 1 (Former Sears)	25,200	14	1	n/a	n/a	113
Hall 2 (Former Sears)	21,500	14	1	n/a	n/a	97
Ballroom	0	n/a	n/a	n/a	n/a	n/a
Meeting Rooms	3,750	12	6	341	234	n/a
	95,450					

Source: Springfield Expo Center, HSP

The exposition/exhibition space is 45,000 square feet with 35-foot ceilings. It can hold approximately 4,000 in a theater style setup and seat 2,800 for a meal, as well as 225 booths. Halls 1 and 2 are the former Sears floors and are filled with numerous columns and have low ceiling heights. As such, they are not quality spaces for theater-style or banquet-style functions. They can accommodate booths, as long as displays are not higher than 14 feet. There is no ballroom. There are six meeting rooms totaling 3,750 square feet. In total there is 95,450 square feet of function space, however, for most events that will not consider Halls 1 and 2, there is less than 50,000 usable square feet.

The picture below is of the Exposition hall.

Figure 3-1



The facility suffers from several design or functionality issues, either restricting access or negatively influencing the facility's effectiveness. The old Sears department store space contains a significant number of columns and low ceilings (12 – 14 feet, depending on the location), limiting event flexibility and lines of sight across the space. It can really only be used for exhibits with low clearance.

The picture below is of the former Sears space.

Figure 3-2



The space does provide adequate power and Internet hook-up opportunities for exhibit booths.

The Expo Center's loading dock facilities have at times created difficulties for management. Loading ramps and event access doors are not aligned, creating difficult angles for larger event elements and loading equipment.

The pictures below show the exterior and interior of the loading area.

Figure 3-3



Figure 3-4



The facility lacks any kitchen facilities. Although an original design element of the Sears renovation, due to financial constraints the kitchen was eliminated from the project. Food preparation is handled at the University Plaza Hotel and then transported across the parking lot, across St. Louis Street and into the Expo Center. This is a less than effective method of providing food service for event attendees, but the only reasonable method of providing this service.

Management Agreement Overview

The operating agreement for the Expo Center was signed in 2002 between the City of Springfield, Springfield Center City Development Corporation (CCDC) and John Q. Hammons Revocable Trust (JQH). In the agreement, the city of Springfield serves as the facility owner while Hammons serves as the operator. The Springfield CCDC issued the bonds to finance the Expo Center, however it does not provide direct oversight.

The agreement states that JQH would serve as the facility management operator of record, submitting an annual budget, while the City would serve as owner. The agreement is for 25 years from the execution of the agreement, set to expire in 2027. The City and JQH also have the option to extend the agreement by two five-year periods.

Financial Responsibility. A critical component of the management agreement puts the fiscal responsibility for any losses on the manager. This is much different than most public assembly management agreements. While it limits the public's fiscal downside, it also incentivizes the manager to not market to events that may not make money, but that may induce room nights to the market.

In addition to establishing the operator of the facility, the agreement outlined the creation of a Community Improvement District (CID) surrounding the Expo Center. Under this CID, the following were proposed for a vote, which was subsequently approved.

- Property Tax, capped at \$54 per \$100 assessed value, for property in the CID
- Business License tax for 3.0 percent of gross sales within the CID
- 25-cent gate tax for all tickets sold for stadiums, arenas and conventions within the CID

Also within the agreement is an annual FF&E Replacement Account. This account contains funds allocated by the City for repairs, maintenance and replacement of hardware with the facility. Details of this account are identified below.

- 2002 – 2005 – 0 percent of revenue from each fiscal year
- 2006 – 2008 – 2 percent of revenue from each fiscal year
- 2008 and after – 4 percent of revenue from each fiscal year

The agreement is subject to termination as a result of the following breaches by JQH.

- Material breach

- Loss of essential licenses
- Unsatisfactory performance
- To preserve tax-exempt status of bonds

Since the contract's execution, no intensive review of its performance has occurred. Operational and financial performance has been analyzed in this chapter and may generate discussion as to whether JQH has met what is considered to be satisfactory performance. HSP's review has found that the use of the facility has been very limited and partially attributes this to the management contract that provides no incentive to the manager to open the facility for unprofitable events. This is different from other community event centers that host numerous events to maximize impact, but most operate at a loss. This tradeoff should be discussed.

The Expo Center's management agreement solidifies JQH's position as the facility's operator. The 25-year contract places the City at a significant disadvantage in the ability to negotiate new terms as well as the ability to seek new management.

Operational Performance

Analyzing the operational performance of the Expo Center includes understanding the number of annual events, attendance and room nights generated. This analysis will assess the facility's ability to attract exhibitions, trade shows and other events to the local market. Attendance and room night generation statistics will illustrate the number of individuals visiting Springfield and the utilization of local lodging accommodations, providing insight into the facility's impact on the local economy.

The table below provides a historical summary of the number of events held at the Expo Center.

Table 3-2

Expo Center - Event Summary - 2006 - 2010		
Year	Events	Annual Percent Change
2006	32	-
2007	35	9.4%
2008	37	5.7%
2009	35	-5.4%
2010	37	5.7%
5-year Total	176	15.6%
5-year Average	35	3.8%

Source: Springfield Expo Center

From 2006 to 2010, the Expo Center has averaged 35 events annually. During that period, the facility experienced a slight increase of events, from 32 in 2006 to 37 in 2010. With the exception of 2009, events have increased each year. However, in the context of the industry, an average of

three events per month is very few. Many similar facilities operate with double or triple the events.

The table below provides a historical summary of event attendance at the Expo Center.

Table 3-3

Expo Center - Attendance Summary - 2006 - 2010		
Year	Attendance	Annual Percent Change
2006	67,980	-
2007	64,020	-5.8%
2008	57,195	-10.7%
2009	52,290	-8.6%
2010	59,095	13.0%
5-year Total	300,580	-13.1%
5-year Average	60,116	-3.0%

Source: Springfield Expo Center

The Expo Center has attracted over 300,000 visitors since 2006, an average of over 60,000 visitors annually. Based on an average of 35 events per year, the average event attracts approximately 1,700 attendees. With the exception of a 13 percent increase in 2010, event attendance has decreased annually. Again, with more usage, attendance would be much higher, increasing the impact of the facility. Attendance at a more often used facility could be double or triple the amount shown here.

The table below provides a historical summary of the room nights generated by the Expo Center.

Table 3-4

Expo Center - Room Nights Summary - 2006 - 2010		
Year	Room Nights	Annual Percent Change
2006	2,861	-
2007	4,575	59.9%
2008	4,494	-1.8%
2009	4,254	-5.3%
2010	3,901	-8.3%
5-year Total	20,085	36.4%
5-year Average	4,017	11.1%

Source: Springfield Expo Center

Since 2006, the Expo Center has generated over 20,000 room nights, an average of more than 4,000 annually, or approximately of 0.04 per square foot of exhibit space. This compares to a range of 0.4 to 1.0 room nights per square foot generated by most convention centers. Since the

Expo Center is not a true convention facility (no ballroom), it cannot be judged by this measure alone, but in the spectrum of room nights generated, it is performing at an extremely low level.

The table below provides an historical summary of the number of events held at the Expo Center, along with attendance and room nights generated.

Table 3-5

Expo Center Event Summary - 2006 - 2010			
Year	Events	Attendance	Room Nights
2006	32	67,980	2,861
2007	35	64,020	4,575
2008	37	57,195	4,494
2009	35	52,290	4,254
2010	37	59,095	3,901
Total	176	300,580	20,085
5-year Average	35	60,116	4,017
5-year Percent Change	15.6%	-13.1%	36.4%

Source: Springfield Expo Center

As the table shows, the Expo Center has been fairly consistent in terms of events, attendance and room nights, although attendance and room nights per event have decreased. The number of events is significantly lower than other facilities in the region. Instead, the facility has served the local market for consumer shows and other events, most of which are local. The total room nights generated in five years is less than the amount that an improved facility could generate in one year, based on estimates in this report. A full-service convention center with Springfield's amount of space should generate 20,000 to 40,000 room nights per year.

The table below presents an average event summary of attendance and room night generation at the Expo Center.

Table 3-6

Expo Center - Average Event Summary - 2006 - 2010		
Year	Attendance	Room Nights
2006	2,124	89
2007	1,829	131
2008	1,546	121
2009	1,494	122
2010	1,597	105
Average	1,718	114
5-year Percent Change	-24.8%	17.9%

Source: Springfield Expo Center

The Expo Center has averaged approximately 1,700 attendees that have generated nearly 115 room nights per event. Since 2006 room nights per event have increased by 18 percent, however, average attendance has decreased by nearly 25 percent. Again, the total room nights generated is extremely low and should be a reason to reconsider the management contract terms that provide an incentive to limit usage.

Annual Events

One of the most crucial factors to an expo center's success is the ability to attract and maintain long term relationships with conventions and trade shows. The Springfield Exposition Center has developed these relationships with a variety of annual events, each with varying attendance and room night averages.

The following table provides an overview of the Expo Center's annual events and the room nights generated for the University Plaza Hotel.

Table 3-7

Expo Center - Annual Events Overview			
Event	Month	Average Attendance	Average Room Nights Generated Annually*
Springfield Home Builders	February	10,000	10
Sertoma Chili Cookoff	February	8,000	30
Springfield Parks Dept. - Turkey Trot**	November	4,500	0
Springfield Chamber - Business Expo	October	3,500	0
United Methodist - Annual Conference	June	2,250	800
United Methodist - WOW Camp	June	2,000	70
Cox Health-Employee Picnic	September	2,000	0
Missouri Cattlemen	December	2,000	266
Missouri ACTE	July	1,800	400
MODOT	Dec/Apr	355	250
* Room Nights for University Plaza only			
** Staging facility only			
Source: Springfield Expo Center			

As the table shows, the Springfield Home Builders, Sertoma Chili Cookoff and Springfield Turkey Trot attract the greatest number of visitors, 10,000, 8,000 and 4,500, respectively. However, these three events only generated an average of 40 room nights annually as each event primarily caters to the local market. In terms of room night generation, the United Methodist annual conference, Missouri Association for Career and Technical Education (ACTE) and Missouri Cattlemen generate the greatest number of rooms for the local economy, accounting for an average of 800, 400 and 266 rooms annually at the University Plaza. City-wide, the United Methodist event generates approximately 2,050 room nights, the ACTE generates 1,550 room nights and the Missouri Cattlemen generate 500 room nights for the community.

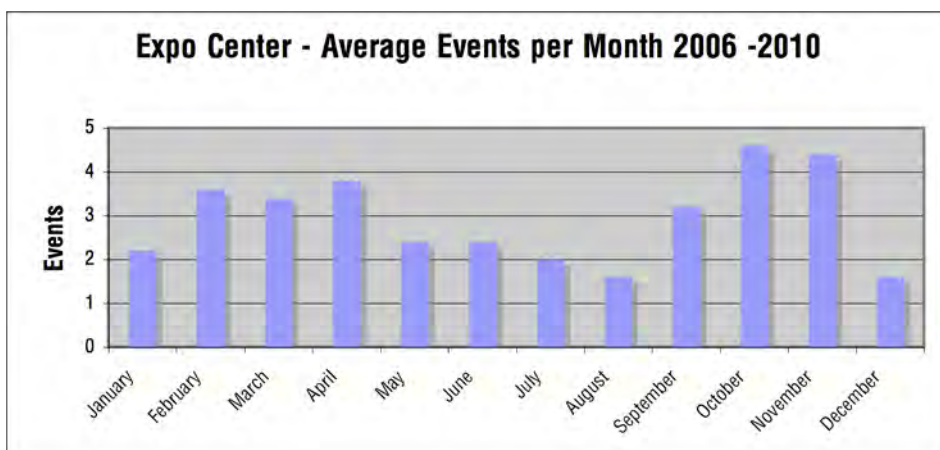
Although a few annual events generate significant room nights, the highest attended events generate a minimal amount due to their local nature. Of the top ten annual events, three do not generate any rooms while two generate less than 35. This indicates that the Expo Center serves in more of a local capacity than a regional destination for trade shows, exhibitions and other events.

Seasonality

Two factors influence the seasonality of events at the Expo Center. The first is the typical season for the various event types. Consumer shows are often held during January, February and March, as well as during the summer. This is due to calendar and space availability at facilities. Conventions, tradeshow, conferences and meetings are often held during the spring and fall months. Since the Expo Center cannot compete for many non-consumer show events, it primarily hosts consumer shows. Also, due to Springfield's proximity to the Lake of the Ozarks and Branson, two popular summer destinations, the Expo Center has a harder time competing for summer events. As a result, summer is a less busy time at the Expo Center.

The figure below illustrates event seasonality by month, based on an average of all years.

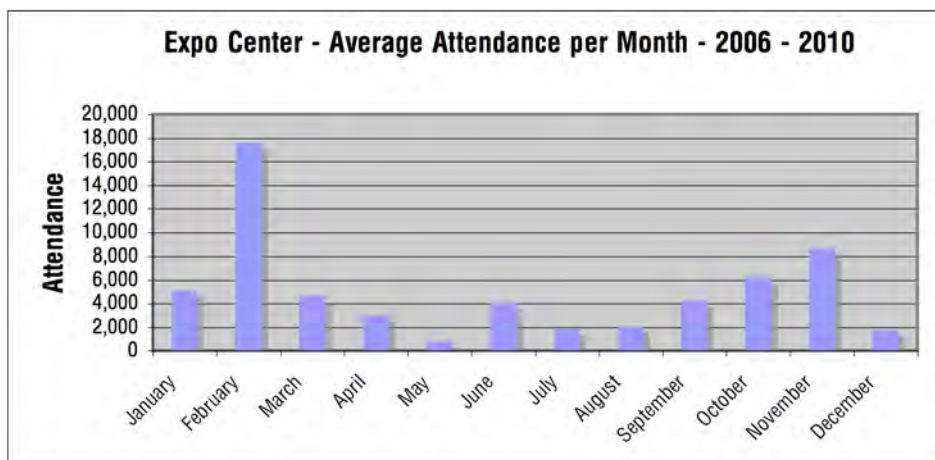
Figure 3-5



The figure shows, the spring and fall seasons have historically experienced the greatest number of events at the Expo Center. October and November are shown to attract the most events, while January, August and December are shown as having the least number of events.

The figure below illustrates attendance seasonality by month.

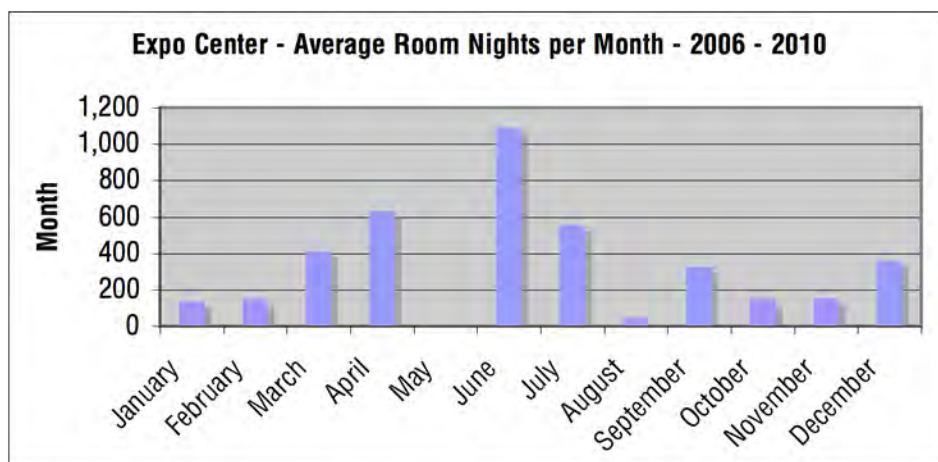
Figure 3-6



As shown, the Expo Center's average attendance is highest in February, followed by November. This is primarily attributed to the Expo Center's two highest attended events, the Springfield Home Builders Association and Sertoma Chili Cookoff.

The figure below illustrates room night generation by month.

Figure 3-7



As shown, June and July account for the most room nights. This is attributed to the facility hosting the United Methodist annual conference and WOW camp and Missouri ACTE conference. April's room nights are directly impacted by the annual MODOT conference.

Financial Performance

This section will assess financial performance by examining the revenue generated by the facility, as well as financial efficiencies through cost controls.

The table below provides an overview of historical income and expenses.

Table 3-8

Springfield Expo Center - Financial Summary					
Line Item	2006	2007	2008	2009	2010
Revenue					
Rooms	\$ 1,445	\$ -	\$ -	\$ -	\$ -
Rentals	375,815	385,815	463,240	333,997	374,464
Total Revenue	\$ 377,260	\$ 385,815	\$ 463,240	\$ 333,997	\$ 374,464
Expenses					
Operating Expenses					
Telephone	9,900	6,489	7,095	8,154	7,614
Rentals	74,274	64,122	63,422	103,779	84,304
Bar	146	149	212	721	139
Total Operating Expenses	84,323	70,760	70,729	112,654	92,057
General Expenses					
Administrative & General	62,657	53,273	50,054	52,749	56,598
Marketing	66,062	78,196	60,459	48,378	52,303
Heat/Light/Power	132,619	123,955	162,748	129,592	154,175
R&M Labor	12,783	-	16,743	33,449	37,298
R&M Other	7,502	17,546	16,384	13,449	15,052
Total General Expenses	281,623	272,970	306,388	277,617	315,426
Other Expenses					
Insurance	12,147	21,828	9,715	9,781	7,200
Other	934	705	2,667	102	392
Total Other Expenses	13,081	22,533	12,382	9,883	7,592
Total Expenses	\$ 379,027	\$ 366,263	\$ 389,499	\$ 400,154	\$ 415,075
EBITDA	\$ (1,767)	\$ 19,552	\$ 73,741	\$ (66,157)	\$ (40,611)
Interest	109,338	79,176	54,962	19,877	21,328
Net Income	\$ (111,105)	\$ (59,624)	\$ 18,779	\$ (86,034)	\$ (61,939)

Source: Springfield Expo Center

Revenue has been generally consistent over the past five years, ranging from \$334,000 to \$463,000. Three of the past five years have shown revenue of \$375,000 to \$385,000.

Expo Center Expenses have increased by nearly 10 percent since 2006, increasing by approximately \$35,000. General expenses served as the most significant expense line items, accounting for over 75 percent of the facility's total expenses, the most significant being heat, lighting and electrical utilities. Operational expenses increased by nearly 10 percent.

The table below presents per event revenue, expense and net income (deficit).

Table 3-9

Per Event Revenue and Expenses							Percent Change
	2006	2007	2008	2009	2010		
Per Event Revenue	\$ 8,801	\$ 7,799	\$ 8,281	\$ 7,932	\$ 8,525		-3.1%
Per Event Expense	\$ 11,845	\$ 10,465	\$ 10,527	\$ 11,433	\$ 11,218		-5.3%
Net per Event	\$ (3,044)	\$ (2,666)	\$ (2,246)	\$ (3,501)	\$ (2,693)		11.5%
Source: Springfield Expo Center, HSP							

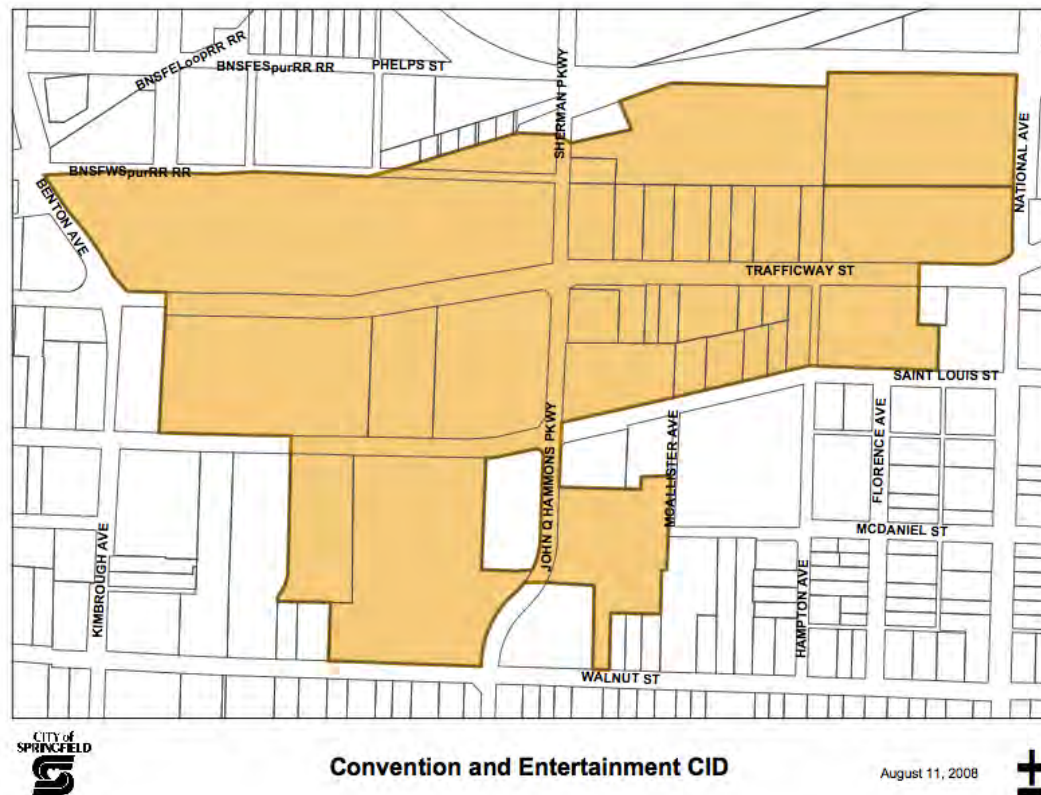
As the table shows, the Expo Center is operating at a net loss per event on an annual basis. Over this period, both revenue and expenses have decreased slightly, 3.1 percent and 5.3 percent respectfully. Revenue has remained consistent and has not reached above \$9,000 per event, on average. Net loss per event has improved at more than 11 percent since 2006, yet has improved by less than \$500.

Debt Schedule. The Expo Center is also subject to debt service resulting from the facility's development and construction in 2002. This debt, valued at over \$19 million, is scheduled to retire in 2027. Interest rates begin at 4.6 percent and increase to 5.0 percent in 2023 for the duration of the schedule.

Payment of this debt is paid by taxes collected in the Convention and Entertainment CID established in the Expo Center's management contract. All entities within this district are non-residential properties and are ultimately responsible for the debt's payment.

The figure below illustrates the physical boundaries of the CID District.

Figure 3-8



As the map shows, the CID includes entities between National Avenue, Walnut Street, Benton Avenue and Phelps Street. Taxable entities within this district include the University Plaza Hotel, Hammons Tower, Hammons Field and other non-residential properties.

The table below shows the Expo Center's debt schedule from the facility's opening in 2002 to 2010.

Table 3-10

Springfield Expo Center - Historical Debt Service				
Year	Outstanding	Principal	Interest	Total Payment
2002	\$ 19,375,000	\$ -	\$ 628,793	\$ 628,793
2003	\$ 19,375,000	\$ -	\$ 884,240	\$ 884,240
2004	\$ 19,375,000	\$ -	\$ 884,240	\$ 884,240
2005	\$ 19,375,000	\$ -	\$ 884,240	\$ 884,240
2006	\$ 19,375,000	\$ -	\$ 884,240	\$ 884,240
2007	\$ 19,375,000	\$ 45,000	\$ 884,240	\$ 929,240
2008	\$ 19,330,000	\$ 80,000	\$ 882,913	\$ 962,913
2009	\$ 19,250,000	\$ 320,000	\$ 880,352	\$ 1,200,352
2010	\$ 18,930,000	\$ 380,000	\$ 869,473	\$ 1,249,473

Source: City of Springfield, HSP

As the table shows, the Expo Center's outstanding debt has been slightly reduced to under \$19 million by 2010. This is due to principal payments not being required for collection until 2007. Total payment exceeded \$1 million in 2009, up from approximately \$630,000 in 2002. The payments will increase until the debt is retired, as show in the table below.

Table 3-11

Springfield Expo Center - Debt Service Requirments				
Year	Outstanding	Principal	Interest	Total Payment
2011	\$ 18,930,000	\$ 380,000	\$ 869,473	\$ 1,249,473
2012	\$ 18,550,000	\$ 445,000	\$ 856,172	\$ 1,301,172
2013	\$ 18,105,000	\$ 515,000	\$ 840,153	\$ 1,355,153
2014	\$ 17,590,000	\$ 590,000	\$ 821,097	\$ 1,411,097
2015	\$ 17,000,000	\$ 670,000	\$ 798,383	\$ 1,468,383
2016	\$ 16,330,000	\$ 755,000	\$ 772,420	\$ 1,527,420
2017	\$ 15,575,000	\$ 845,000	\$ 742,220	\$ 1,587,220
2018	\$ 14,730,000	\$ 935,000	\$ 707,575	\$ 1,642,575
2019	\$ 13,795,000	\$ 1,040,000	\$ 665,500	\$ 1,705,500
2020	\$ 12,755,000	\$ 1,150,000	\$ 618,700	\$ 1,768,700
2021	\$ 11,605,000	\$ 1,270,000	\$ 566,950	\$ 1,836,950
2022	\$ 10,335,000	\$ 1,390,000	\$ 509,800	\$ 1,899,800
2023	\$ 8,945,000	\$ 1,525,000	\$ 447,250	\$ 1,972,250
2024	\$ 7,420,000	\$ 1,670,000	\$ 371,000	\$ 2,041,000
2025	\$ 5,750,000	\$ 1,825,000	\$ 287,500	\$ 2,112,500
2026	\$ 3,925,000	\$ 960,000	\$ 196,250	\$ 1,156,250
2027	\$ 2,965,000	\$ 2,965,000	\$ 148,250	\$ 3,113,250

Source: City of Springfield, HSP

The Expo Center's debt service is set to retire in 2027 when a total payment of more than \$3 million is due.

Expense Issues. It is not unusual for event facilities to lose money, however consumer shows are generally considered the most profitable of shows, so the facility should be operating at breakeven or better, unless it is either giving space away due to market or other pressures or has certain expenses it carries that are higher than usual. The expense issue is a valid one. The facility pays much more per kilowatt-hour than a typical building in Springfield, by several times. For example, the University Plaza Hotel pays 2.9 cents per kilowatt-hour, while the Expo Center pays 17 cents, according to the General Manager of the University Plaza and Expo Center. This is five times the hotel's rate. If this rate could be brought closer to the market rate, the facility could save perhaps tens of thousands of dollars each year, bringing its budget into balance.

HSP has reviewed a variety of small convention and exposition facilities to understand the typical range of costs per gross square foot for utility expense. The range for smaller facilities, similar in size to Springfield's, is from \$1.45 to \$3.61 per gross square foot. The average is \$1.74. Applying this average to the 112,000 square feet at the Springfield Expo Center equals \$194,880. This figure, however, represents a peer building that is being utilized often, likely three times as much as the Springfield Expo Center. Based on HSP's analysis of comparable venues, it appears that Springfield's utility expenses may be higher than their competitors, however further analysis into peer facility costs per kilowatt hour would be necessary to make a final determination.

Marketing

In our discussions with management, which is part of the Hammons University Plaza team, a primary theme was repeated. Because the management company is responsible for any operational shortfalls, the incentive for management is to only open the facility for profitable or perhaps breakeven events. These events are generally only consumer shows, with a few exceptions. Most convention facilities lose some money on events, but rationalize that loss if the event can also bring in hotel room nights, food and beverage spending and shoppers to the market. The public sector and private sector both gain from this business from greater economic activity and taxes generated.

As a result of this situation, the marketing associated with the Expo Center is very limited to consumer type shows. Preserving capital was a primary theme and will continue to be so as long as the management agreement suggests that this is the priority, rather than generating events and room nights.

Other Key Operational Notes

Public assembly facilities are the 'living room' of a community and their hotels are the welcoming 'bedrooms.' From the perspective of a visitor and even locals, the welcoming hospitality shown by these facilities is key to how the community and its facilities are perceived. If these facilities are not open or operational, they cannot provide this hospitality and in fact present a 'closed' perspective. When the Expo Center is not in operation, its doors are closed and it essentially is shut down, with no one onsite. Except for these 35 shows on average per year, which may use about 65 days of the year, the remaining 300 days find the facility shut down. While this is prudent from a cost perspective and many such facilities keep costs down by shutting down

unused portions, most such facilities do keep a human presence onsite and at least one door open so that visitors can enter and ask questions, get a tour, etc.

As a corollary to this situation, the University Plaza Hotel has low occupancy compared with much of the hotel market. As the largest hotel and flagship of Springfield, not to mention its location across the street from Hammons' headquarters, it sends a message to locals and visitors about Springfield in general if the hotel closes down. Between an often-closed Expo Center, an empty parcel next door, a generally empty parking garage and an older hotel with very low occupancy, the area can feel like a ghost town for the majority of the year.

Conclusions

The Springfield Expo Center is hindered by its lack of ballroom and substandard Halls 1 and 2, the former Sears space, as well as a lack of breakout meeting rooms. Due to the management company's efforts to not lose money onsite, it only markets and rents to events that generally make money, which are often consumer shows. These provide little positive economic impact, as most dollars are recycled within the community. In addition, the long-term management agreement limits the City's flexibility and ability to induce change. In total, the management agreement and facility ensure a facility that performs at a very limited and static level and generates very little for Springfield in terms of room nights, visitor spending and fiscal impact.

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ASSESSMENT OF THE SPRINGFIELD HOTEL MARKET

Given that the parcel next to the Expo Center was proposed to be used for a convention hotel development, and this led to the questions being posed in this study about future development recommendations, it is important to understand the local hotel market. It is especially critical to know how the hotels in Springfield either support or otherwise contribute to the community's effort to induce visitation for meetings and other events.

While most hotels simply accommodate existing demand, other hotels can actually induce demand, by providing a place to meet, conduct trainings, transact business in meeting and ballrooms, etc. As will be discussed in the meetings trends chapter, the proximity, size and quality of hotels as they relate to a large public convention, expo or other public assembly facility have a direct impact on the success of those facilities. Public assembly facilities without hotels within walking distance will suffer; those without quality, full-service hotels nearby will suffer and those without a large block or rooms nearby will suffer.

National Hotel Market and Trends

National hotel trends are important to the development prospects of any hotel, whether it involved macro supply and demand issues, amenity trends, financing trends, or other trends impacting the industry.

The table below shows selected characteristics of the U.S. lodging industry from 1992 through the first quarter of 2011.

Table 4-1

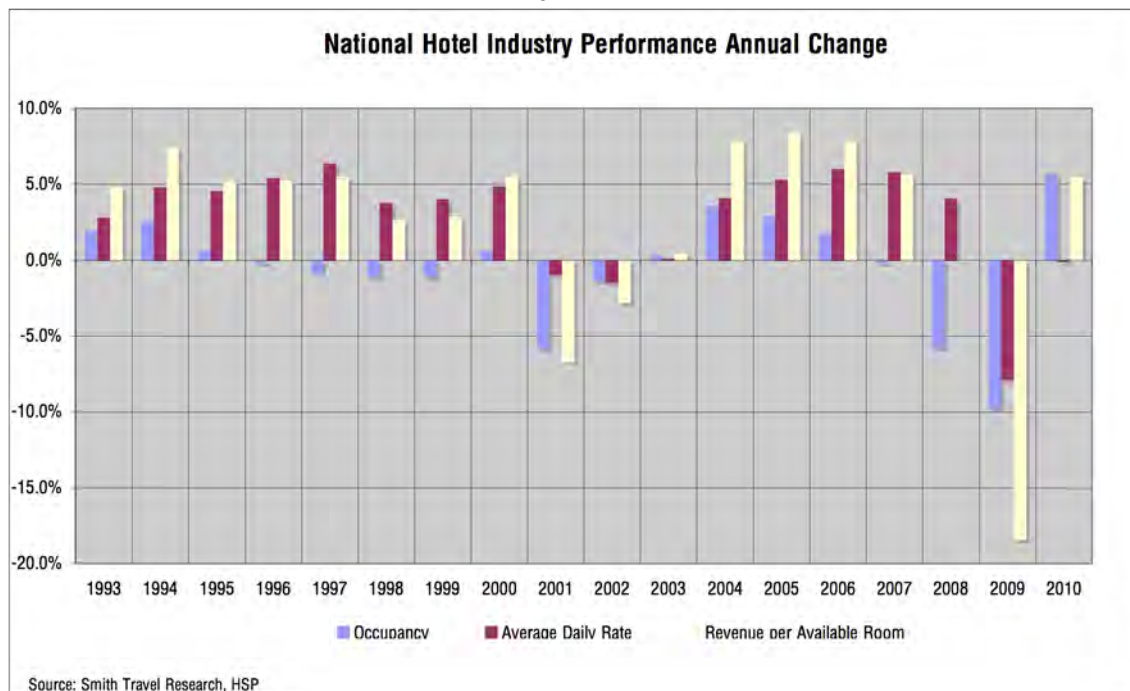
National Lodging Industry Annual Summary						
Year	Occupancy	Change	Average Daily Rate	Change	Revenue per Available Room	Change
1992	61.9%	--	\$59.62	--	\$36.90	--
1993	63.1%	1.9%	\$61.30	2.8%	\$38.68	4.8%
1994	64.7%	2.5%	\$64.24	4.8%	\$41.56	7.4%
1995	65.1%	0.6%	\$67.17	4.6%	\$43.73	5.2%
1996	65.0%	-0.2%	\$70.81	5.4%	\$46.03	5.3%
1997	64.5%	-0.8%	\$75.31	6.4%	\$48.57	5.5%
1998	63.8%	-1.1%	\$78.15	3.8%	\$49.86	2.7%
1999	63.1%	-1.1%	\$81.29	4.0%	\$51.29	2.9%
2000	63.5%	0.6%	\$85.24	4.9%	\$54.13	5.5%
2001	59.8%	-5.8%	\$84.45	-0.9%	\$50.50	-6.7%
2002	59.0%	-1.3%	\$83.20	-1.5%	\$49.09	-2.8%
2003	59.2%	0.3%	\$83.28	0.1%	\$49.30	0.4%
2004	61.3%	3.5%	\$86.70	4.1%	\$53.15	7.8%
2005	63.1%	2.9%	\$91.29	5.3%	\$57.61	8.4%
2006	64.2%	1.7%	\$96.77	6.0%	\$62.13	7.8%
2007	64.1%	-0.2%	\$102.38	5.8%	\$65.63	5.6%
2008	60.4%	-5.8%	\$106.55	4.1%	\$65.61	0.0%
2009	54.5%	-9.8%	\$98.20	-7.8%	\$53.55	-18.4%
2010	57.6%	5.7%	\$98.08	-0.1%	\$56.47	5.5%
Projection - 2011	58.6%	1.8%	\$102.20	4.2%	\$59.91	6.1%
Jan-11	47.7%	5.8%	\$96.64	2.8%	\$46.10	8.7%
Feb-11	51.5%	5.4%	\$97.89	2.7%	\$50.41	8.3%
Mar-11	54.9%	5.7%	\$99.37	3.1%	\$65.56	9.0%

Source: Smith Travel Research, HSP

Occupancy peaked at an all-time high of 65.1 percent in 1995, decreased to 59.0 percent after 9/11 and then peaked again at 64.2 percent in 2006. The latest recession is the most severe recorded in the hotel industry post-Depression. Occupancy decreased to 54.5 percent, a 15 percent decline. Average daily rate peaked at \$106.55 in 2008 and was still declining as of 2010, but appears to have bottomed out at approximately \$98. Based on 2011 data, occupancy is up more than five percent for the year (on top of a 5.7 percent increase in 2010) and average rate is up approximately 3.0 percent, leading to RevPAR increases this year of between eight and nine percent.

The figure below shows the above data in graph form, highlighting the annual change in performance.

Figure 1-1



Performance in 2010 was much improved from the severe decline of 2009. As the above graph indicates for the years 1996 through 1999, 2007, and 2008 even when occupancy declines, average daily rates can increase. This speaks to the concept of maximum practical occupancy. At a certain average occupancy, there are enough ‘sold-out’ dates and demand pressure to raise prices.

The table below shows the breakdown of supply by market segment, as well as the growth pipeline for new product.

Table 4-2

U.S. Active Rooms Development Pipeline & Change, April 2010 to April 2011							
Chain Scale	Existing Supply	% of Total Supply	% Change (4/10 - 4/11)	In Construction	% Change (4/10 - 4/11)	Total Active Pipeline	% Change (4/10 - 4/11)
Luxury	124,261	2.5%	1.4%	820	-63.5%	3,918	-27.8%
Upper Upscale	549,891	11.3%	1.6%	6,317	-10.7%	14,994	-19.9%
Upscale	607,852	12.4%	2.7%	13,944	-19.6%	77,090	-3.5%
Upper Midscale	801,301	16.4%	5.3%	15,536	-24.1%	90,232	-13.0%
Midscale	527,785	10.8%	-8.3%	4,619	-72.0%	28,162	-22.3%
Economy	783,528	16.0%	-0.1%	1,386	-51.0%	4,243	-36.0%
Unaffiliated	1,491,109	30.5%	1.5%	7,713	-29.5%	103,784	-10.9%
Total	4,885,727	100.0%	0.9%	50,335	-35.0%	322,423	-12.2%

Source: Smith Travel Research

Due to severe constraints in lending associated with the recession and poor performance of hotels nationwide, new supply has been very limited. This will help the industry recover as demand increases. From April 2010 to April 2011, total supply increased less than one percent. The largest increase was in Upper Midscale properties, with more than 15,000 new rooms. Midscale rooms declined by 8.3 percent. The number of rooms under construction is down by 35 percent across the chain scales, with Luxury, Midscale and Economy type rooms decreasing the most from the prior year. The total active pipeline is also down by 12.2 percent.

Development & Financing

The hotel development pipeline had been robust until 2008, when the credit crisis hit and real estate in all sectors declined. This has made credit more expensive and the combination of lack of funds and poor market performance essentially stopped new developments in 2009. However, a few deals were financed, as shown by the construction pipeline information above. Activity in 2010 should be much improved.

The loan-to-value ratio is an important measure of the amount of risk banks are willing to take on real estate investments. Historically, hotels have exhibited a higher risk level in the eyes of lenders and as such, have required a substantial equity investment. However, cookie-cutter branded prototype deals at interstate intersections – very predictable to bankers in terms of safety and profitability – have achieved loan-to-value rate of 75 percent or more.

As the performance of hotels improved, bankers felt more comfortable approving higher loan amounts relative to the value of the project. At its peak in 2005, the LTV was nearly 70.6 percent on average. It decreased to 60 percent in 2008, but with the recession the LTV ratio has increased to over 70 percent again.

According to a Hotel Business survey, regional banks were the most often used source for hotel loans.

Transactions

Cap rates are a measure of risk and reward. The higher the cap rate, the riskier the market expects an investment to be (and the higher the reward expected). To determine value, appraisers, buyers and sellers use net operating income divided by the cap rate. A hotel with \$1 million in net operating income and a 10 percent cap rate would have a value of \$10 million. However, using a 5 percent cap rate would give a value of \$20 million. During the height of the hotel buying frenzy in 2005 and 2006, some hotels were sold at effective cap rates lower than five percent, leading to extraordinary values.

Cap rates for hotels have historically been in the 10 to 12 percent range. The rate was below ten percent in 2005 and 2007 and below nine percent in 2006, leading to record sales prices and intense transaction activity. The rates then increased during the recession, lowering valuations and the ability to get loans.

Development Costs

The table below shows the hotel development costs for the different segments hotels for the latest year available.

Table 4-3

2010 Hotel Development Cost Survey Per-Room Averages						
	Land	Building and Site Improvements	Soft Costs	FF&E	Pre-Opening & Working Capital	Total
Budget/Economy Hotels						
Average from Budgets	\$11,700	\$50,800	\$4,400	\$8,100	\$3,000	\$65,200
Median	\$11,200	\$46,200	\$2,200	\$8,100	\$2,900	\$52,700
Allocation	14%	66%	10%	11%	4%	
Midscale Hotels w/o F&B						
Average from Budgets	\$23,400	\$71,400	\$11,100	\$9,500	\$4,100	\$98,000
Median	\$12,200	\$63,100	\$8,100	\$9,200	\$2,800	\$82,100
Allocation	14%	68%	9%	10%	4%	
Extended Stay Hotels						
Average from Budgets	\$12,200	\$79,000	\$11,300	\$12,600	\$3,300	\$131,600
Median	\$10,900	\$69,300	\$9,900	\$13,000	\$2,400	\$105,500
Allocation	12%	68%	9%	12%	4%	
Midscale Hotels W/ F&B						
Average from Budgets	\$13,900	\$76,800	\$13,200	\$12,000	\$3,800	\$117,300
Median	\$10,200	\$63,300	\$10,400	\$11,300	\$3,000	\$100,600
Allocation	13%	65%	11%	12%	3%	
Full-Service Hotels						
Average from Budgets	\$16,800	\$122,900	\$22,200	\$22,000	\$6,900	\$208,100
Median	\$13,200	\$111,600	\$14,000	\$18,100	\$5,700	\$156,200
Allocation	12%	64%	12%	12%	4%	
Luxury and Resorts						
Average from Budgets	\$86,700	\$345,700	\$133,800	\$54,000	\$20,800	\$598,500
Median	\$88,600	\$299,800	\$88,600	\$57,700	\$18,700	\$538,200
Allocation	17%	59%	11%	10%	4%	

Source: HVS

Costs per room vary dramatically for the various types of hotels, from a median of \$52,700 for economy properties to \$538,200 for luxury properties.

Largest Hotel Brands

One of the continuing trends of the past decade has been the growth of hotel companies to create and expand brands into every conceivable niche, including extended stay (discussed below), boutiques, fractionals, etc. These companies typically do not own their hotels, but brand them and provide the support, advertising, group sales and other services for the hotel owners for a fee.

The table below shows the top 20 hotel brands in the world, by number of rooms.

Table 4-4

Top Twenty Global Hotel Brands by Room Count								
Rank	Brand	Company	Hotels 9/30/10	Rooms 9/30/10	Rooms/Hotel	Occupancy	Avg. Daily Rate	RevPAR
1	Best Western	Best Western	4,048	309,580	76	57.0%	\$84.73	\$48.26
2	Holiday Inn	InterContinental Hotels Group	1,301	238,440	183	59.4%	\$94.88	\$56.37
3	Marriott Hotels & Resorts	Marriott International	550	202,213	368	69.4%	\$137.17	\$95.20
4	Holiday Inn Express	InterContinental Hotels Group	2,107	193,268	92	63.0%	\$95.78	\$60.38
5	Hilton Hotels & Resorts	Hilton Hotels	538	192,159	357	65.0%	\$144.05	\$93.63
6	Hampton Inn	Hilton Hotels	1,804	177,448	98	62.3%	\$98.73	\$61.51
7	Comfort Inn	Choice International	1,995	153,747	77	55.4%	\$77.16	\$41.76
8	Days Inn	Wyndham Hotels Group	1,859	148,155	80	46.2%	\$62.67	\$29.01
9	Sheraton Hotels & Resorts	Starwood Hotels & Resorts	397	138,356	349	n/a	n/a	n/a
10	Super 8 Motels	Wyndham Hotels Group	2,156	134,827	63	49.1%	\$59.45	\$29.21
11	Courtyard	Marriott International	882	129,632	147	80.6%	\$113.30	\$91.37
12	Quality	Choice International	1,369	128,156	94	48.0%	\$67.30	\$32.31
13	Ramada Worldwide	Wyndham Hotels Group	894	117,842	132	47.9%	\$74.28	\$35.61
14	Crowne Plaza Hotels & Resorts	InterContinental Hotels Group	376	103,876	276	61.3%	\$101.74	\$62.36
15	Motel 6	Accor	1,012	99,686	99	n/a	n/a	n/a
16	Radisson Hotels	Carlson Hospitality	427	95,167	223	n/a	n/a	n/a
17	Value Place	Value Place	672	84,689	126	n/a	n/a	n/a
18	La Quinta Inns & Suites	La Quinta	795	81,309	102	n/a	n/a	n/a
19	Residence Inn	Marriott International	610	73,839	121	80.6%	\$113.32	\$91.37
20	Hyatt Regency/Hyatt	Hyatt	164	71,901	75	n/a	n/a	n/a
Total			7,037	914,196	147	--	--	--

Source : Hotel Business

Best Western is the largest brand by number of rooms, with nearly 310,000 in more than 4,000 properties. The largest brand with the largest hotels on average is Marriott, followed closely by Hilton, with an average room count of 368 and 357, respectively and approximately 200,000 rooms each. The best performing large chains in terms of RevPAR (revenue per available room) are Marriott and Hilton, with RevPARs at approximately \$95. Courtyard and Residence Inn, both by Marriott and with combined performance statistics, are very close in RevPAR to their full-service brands, with \$91.37.

Other Trends of Note

Several other trends have been occurring in the industry over the past several years. These include:

- **Amenity Creep.** The major brands, led by Starwood, began expecting a higher quality of amenities in their hotels. This began with the “Heavenly Bed” for Westin and now all major brands have their own premium bedding product. It continued with bathroom products, flat screen televisions, wireless internet, branded gym/spa experiences, and other amenities now expected that previously were considered to be luxuries. These have even crept into the limited service brands.
- **Brands Multiply.** Worldwide, the expansion of brands continues to change the face of the competitive environment. Eager to show earnings and market share for Wall Street, major brands compete fiercely. Using multiple brand products clustered in the

same corporate structure, proprietary reservation systems and corporate programs work in tandem to drive business. Larger brand portfolios result in a decreasing value proposition for hotel owners and franchisees that experience increased costs but declining service delivery. Comparing profit potential with a brand or without a brand is becoming a serious exercise for hotel owners. At the same time, the proliferation of brands means fewer independents that struggle for fair share using price as the preferred strategy. While independent hotel operators use the Internet to level the playing field, continued downward pressure on rates results in destabilized markets and further erodes profitability.

- **Global Travel and the Impact of Energy Prices and Economic Conditions.** The large fluctuations in oil and fuel costs have a continual impact on travel and this will continue to be a major factor in the coming years.
- **Distribution.** The increase in booking travel via the internet has been a major trend in the industry for the past ten years, with approximately one-third of revenue booked online in 2010. An additional estimated 30 to 40 percent of bookings were researched online. This has brought transparency and increased competition to the market and all players with a solid internet and distribution strategy are able to compete effectively.
- **Demographics.** The advent of two major demographic shifts will have a positive impact on the hotel business over the foreseeable future. The first is the baby boomer generation reaching retirement. With the largest amount of disposable income and nest egg capital, this large group will have the ability to travel in large numbers for the next 10 to 15 years. Secondly, the BRIC economies (Brazil, Russia, India and China) have exploded in their economic power over the past several years. This has led to a massive increase in the middle classes in these nations and these populations are traveling in increasing numbers.

Local Hotel Market

The local hotel market is characterized by a collection of limited-service, smaller hotel properties, some older full-service properties and a few aged motels. The table below breaks out the hotels in the market, according to Smith Travel Research.

Table 4-5

Hotels in the Springfield Market			
Name	Rooms	Opened	Market Class
University Plaza Hotel	271	Oct-83	Indep-Upper
Hilton Garden Inn Springfield	125	Mar-11	Upscale
Residence Inn Springfield	136	Sep-01	Upscale
Doubletree Springfield	201	Jun-85	Upscale
Holiday Inn Express & Suites Springfield	120	Mar-05	Upper Midscale
Clarion Hotel & Conference Center Springfield	192	Apr-85	Upper Midscale
Hampton Inn Springfield South	99	Jul-93	Upper Midscale
Comfort Suites Medical District Springfield	87	Sep-06	Upper Midscale
Comfort Inn & Suites Springfield South	107	Dec-91	Upper Midscale
Drury Inn & Suites Springfield	110	Aug-97	Upper Midscale
Holiday Inn Springfield I 44	188	Sep-87	Upper Midscale
Hampton Inn Suites Springfield	89	Aug-01	Upper Midscale
Comfort Inn & Suites Springfield	78	Jan-96	Upper Midscale
Courtyard Springfield Airport	142	Apr-00	Upper Midscale
La Quinta Inn Springfield South	61	Sep-99	Midscale
Best Western Route 66 Rail Haven	93	Jun-37	Midscale
Arbor Suites	80	Feb-87	Indep Mid
Candlewood Suites Springfield South	83	Mar-08	Midscale
Quality Inn & Suites Springfield	50	Apr-00	Midscale
Baymont Springfield	109	Feb-98	Midscale
Sleep Inn Springfield Medical District	104	May-97	Midscale
Best Western Deerfield Inn	103	Apr-92	Midscale
Quality Inn South Springfield	60	Feb-94	Midscale
Best Western Coach House Inn	130	May-60	Midscale
Ramada Springfield Inn & Conf Center	170	Oct-05	Midscale
Quality Inn & Suites North Springfield	102	Jun-79	Midscale
La Quinta Inn Springfield East	103	Nov-96	Midscale
Candlewood Suites Springfield	83	Apr-07	Midscale
Ramada Limited Springfield Airport	55	May-04	Midscale
Baymont Springfield	92	Nov-05	Midscale
Days Inn Springfield South	69	Oct-95	Economy
Extended Stay America Springfield South	110	Oct-97	Economy
Value Place Springfield	121	Dec-06	Economy
Americas Best Value Inn Springfield	133	Apr-82	Economy
Motel 6 Springfield	57	May-94	Economy
Days Inn East Springfield	57	Jul-97	Economy
Super 8 Springfield Battlefield Area	62	Jan-96	Economy
Motel 6 Springfield	107	Aug-87	Economy
Econo Lodge West Springfield	83	Jun-88	Economy
Super 8 Springfield North I 44	50	Aug-85	Economy
Days Inn Springfield	79	May-81	Economy
Microtel Inn Springfield	54	Apr-97	Economy
Lamplighter Inn & Suites	122	Jun-72	Indep Lower
Battlefield Inn	48	Apr-97	Indep Lower
Dogwood Park Inn	51	Jun-87	Indep Lower
Arbor Suites Medical Mile	44	Mar-94	Indep Lower
Greenstay Hotel & Suites	99	Apr-92	Indep Lower
Redwood Inn	20		Indep Lower
Rest Haven Court	32	Jun-47	Indep Lower
Budget Inn Springfield	117	Jun-75	Indep Lower
Economy Inn	45		Indep Lower
Ozark Inn	50	Jun-62	Indep Lower
Eagle's Lodge	120	Mar-91	Indep Lower
Campus Inn	222	Jun-64	Indep Lower
Lamplighter Inn North	129	Nov-75	Indep Lower
Fairview Studios	143		Indep Lower
Plaza Inn	28	Jun-73	Indep Lower
Budget Lodge Of Springfield	195	Jun-75	Indep Lower
Best Budget Inn	34	Jun-58	Indep Lower
American Inn	171	Jun-86	Indep Lower
	6,075	Mar-89	

Source: Smith Travel Research

There are 60 hotels in the market totaling more than 6,000 rooms. The average age of the hotels is 22 years.

The next table summarizes the hotels by market class, average size, average opening date and number of hotels by class.

Table 4-6

Hotel Summary: Springfield Market					
Market Class	Rooms	% of Total	Hotels	Rooms/ Hotel	Avg Opening Date
Luxury	-	0%	-	n/a	n/a
Upper Upscale	-	0%	-	n/a	n/a
Upscale & Independent Upper	733	12%	4	183	Jul-95
Upper Midscale	1,212	20%	10	121	Jul-96
Midscale & Independent Middle	1,478	24%	16	92	Feb-92
Economy	982	16%	12	82	Jul-92
Independent Lower	1,670	27%	18	93	Dec-76
	6,075	100%	60	101	Mar-89

Source: Smith Travel Research

As shown, there are no luxury or upper upscale properties in Springfield. There are only four hotels considered to be upscale or independent upscale, totaling 733 rooms. These include the University Plaza, the Hilton Garden Inn, Residence Inn and Doubletree. The average age is high because of the University Plaza, which opened nearly 30 years ago, while the others either opened or were completely renovated within the past ten years. Only two of these are considered full service hotels. Twenty percent of rooms in ten hotels are considered to be upper midscale. Fully two-thirds of hotels are considered to be midscale or lower, with more than one quarter of rooms in 18 older motels, with an average age of 35 years. On the whole, the hotel market in Springfield is generally older, of midscale quality, smaller and features limited services.

Trip Characteristics and Market Mix

According to data collected for the Springfield CVB the average length of stay for hotel guests in Springfield has ranged from 1.4 to 2.0 days over the past 11 years. Most recently it averaged 1.65 nights per guest.

The average number of guests per occupied room has ranged from 1.6 to 2.33 over the period. Typically, leisure travelers include families with more guests per room, including children, than corporate transient visitors, who generally are one per room. The higher the number of guests per room, on average, the more wear and tear on a hotel and generally the lower the room rate or type of business. In 2009, the average number of guests per room was approximately 2.0.

In 2009, the market mix as estimated by the CVB was as follows:

- Leisure: 39.2 percent

- Business: 37.5 percent
- Convention & Meeting: 15.3 percent
- Tour Bus: 0.2 percent
- Other: 8 percent

Competitive Set

HSP has chosen a set of primary competitive hotels to analyze that are either the best performing, have significant function space or are the most relevant to business at the Expo Center. These also suggest the market that any proposed hotel would be entering. Some of the factors considered were market orientation, quality, average rate, size, location, age, brand, and market demand mix. There are very few hotels near the Expo Center, so those outside the Expo Center area were chosen primarily based on their quality, age and function space. Any new hotel will have the highest quality in the market, have function space and will be the newest hotel in market, so it would compete against those that have those similar characteristics.

The following table shows a summary of the hotels in the competitive set.

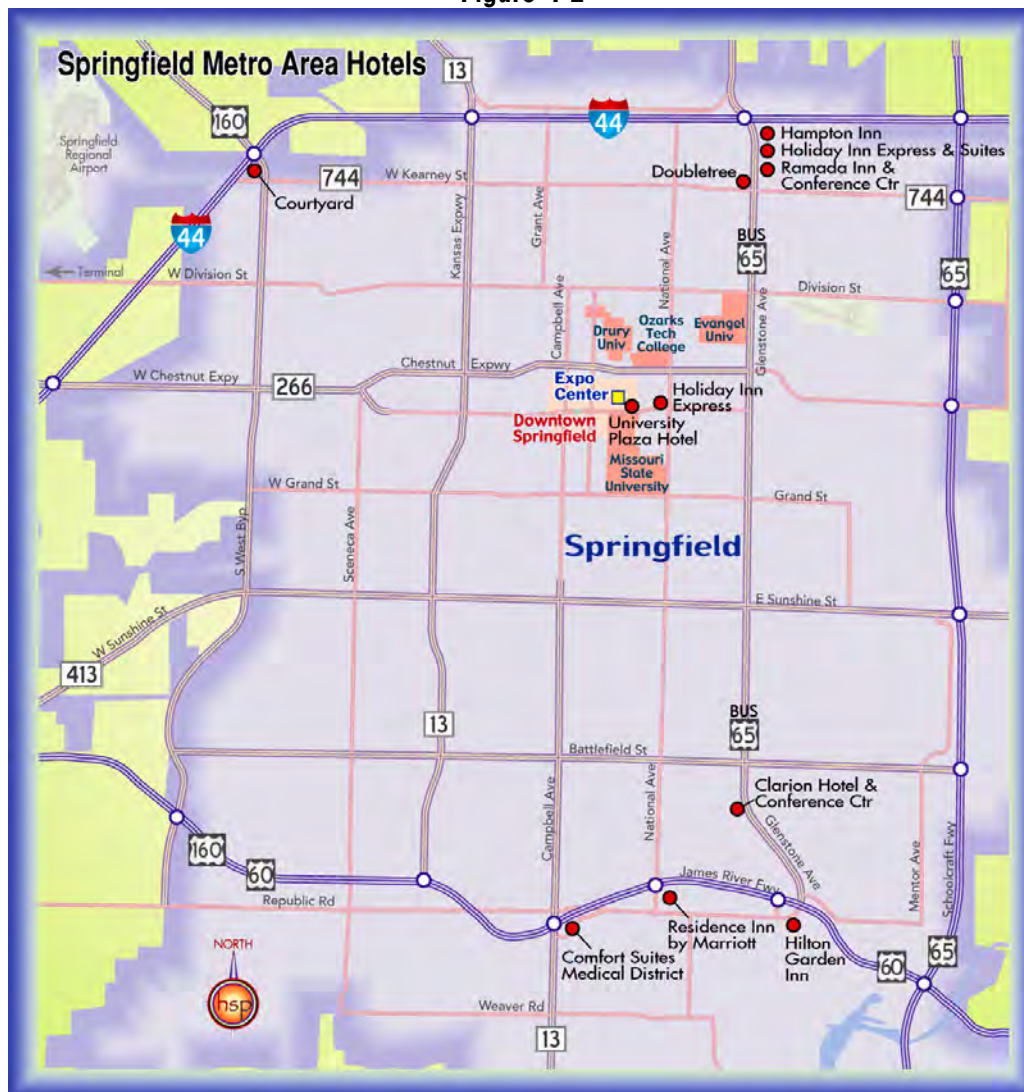
Table 4-7

Springfield Competitive Set Hotels		
Hotel	Date Opened*	Rooms
University Plaza Hotel & Convention Center	1983	271
Doubletree	1985	201
Clarion Hotel & Conference Center	1974	192
Holiday Inn & Suites	1985	188
Ramada Oasis Hotel & Convention Center*	1959	170
Courtyard by Marriott	2004	142
Residence Inn by Marriott	2005	136
Hilton Garden Inn	2011	125
Holiday Inn Express & Suites	2005	120
Comfort Suites Medical District	2006	87
Total		1,632
<i>Average</i>	<i>1992</i>	<i>163</i>
* Estimate		
Source: Smith Travel Research		

There are ten hotels in the competitive set totaling 1,632 rooms. The largest is the University Plaza, with 271 rooms, but it is also one of the oldest and only unbranded hotel in the set. The newest hotels are branded select (also known as limited) service properties, such as the Hilton Garden Inn, Comfort Suites, Holiday Inn Express and Residence Inn. The Doubletree is an older hotel that was recently renovated and now is the highest quality large hotel in Springfield. The Ramada recently underwent a complete renovation and is also a larger group hotel.

The following figure shows a map of the hotels in the competitive set.

Figure 4-2



As shown, only two hotels are near the Springfield Expo Center, while most of the rest are either clustered at or near the intersection of I-44 and 65 (Glenstone), or are on the south side of the city on or along 60.

Each of the hotels is described below.

The **University Plaza Hotel** is located at 333 John Q. Hammons Parkway, directly across the street from the Springfield Exposition Center. It is the hotel with the highest impact on the Expo Center and vice versa. It was opened in 1983 as a Holiday Inn and the function space was renovated in 2008. It includes 39,000 square feet of function space including a 21,600-square foot well-appointed exhibit space/ballroom called the Convention Center, a 12,800-square foot ballroom and approximately 2,000 square feet of meeting rooms.

The hotel lobby area is shown below. It is styled similar to many Embassy Suites of the period.

Figure 4-3



It is estimated that 75 percent of demand is generated by group business (approximately 30,000 room nights), 15 percent from corporate transient business and 10 percent from leisure. The hotel is non-branded and owned by John Q. Hammons Hotels and Resorts, which is headquartered across the street. The management of the hotel also manages the Expo Center and provides catering for that property.

The hotel is able to attract larger groups because of their ability to sell the hotel and Exposition Center as one package. The quality of the hotel is of good quality in the function space and public areas, while the rooms are dated. The “Convention Center” is not attached to the hotel, but is only about a 25-foot walk/distance from the hotel.

In conversations with management, it was suggested that the decision to become independent proved profitable for the first few years, however now the hotel struggles to achieve occupancy. Had the property converted to a branded hotel at that time, it would have been affordable and provided a return on investment, but the independent route was taken that provided higher returns. When the hotel became independent from Holiday Inns in 2003, it underwent a \$7 - \$8 million renovation. However, by dropping the brand, 10,000 high-rated corporate transient room nights immediately shifted from the property, many to the newly opened Holiday Inn Express. Today the hotel only sells about 7,000 corporate transient room nights.

The combination of lack of brand contrasted to the explosion of new branded select service hotels, lack of renovation of the rooms in the past eight years, location away from the core of hotels and restaurants and large size, has caused the hotel to suffer in terms of performance. The estimated occupancy and rate for 2011 is \$94 and 39 percent, respectively. Occupancy has been so low at times that the hotel has closed down for a week between Christmas and New Year's in 2009 and 2010. For many years, the hotel would not reduce their rates to lure business, which hurt the community in some respects. However, now the hotel is reducing rates for certain pieces of group business. When it occurs, the lowering of rates in the competitive set hurts overall

performance, profitability and tax collection. Upgrading the hotel to current design standards would allow the hotel to raise its rates. Adding a brand would enhance the ability to charge higher rates.

If it were to upgrade to a Hilton or Marriott, the cost (\$12 - \$14 million) would be more than the return it would provide the owners over time. This is a challenge for the hotel and for the community. At some point in the next few years, if the hotel is not improved, it will become unprofitable, cycle down to a 'ghost' hotel and will be a massive drag on the market. Later in this report, HSP recommends a strategy to reposition the property and projects the change in occupancy and rate that will occur.

The **Doubletree Hotel** is located at 2431 North Glenstone Avenue in north Springfield, one block south of Interstate 44. It was opened in 1985 and renovated in 2008. It includes approximately 10,000 square feet of function space. It is estimated that 40 percent of demand is generated by group business, 45 percent from corporate transient business and 15 percent from leisure. It is shown in the figure below.

Figure 4-4



The hotel recently underwent an extensive renovation of all rooms and public areas in 2008 to re-brand as the Doubletree. The projected rate and occupancy for 2011 are \$97 and 76 percent, respectively.

The **Clarion Hotel and Conference Center** is located at 3333 South Glenstone Avenue in south Springfield, two blocks from the Battlefield Mall. It is located approximately 5.6 miles from the Springfield Exposition Center. It was opened in 1974 and most recently renovated in 2008. It includes a 6,370 square foot ballroom and a compliment of six of meeting rooms. It is shown in the figure below.

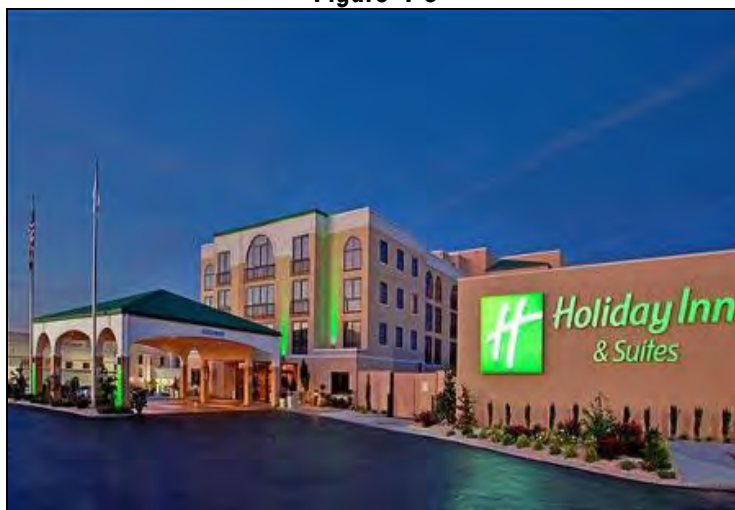
Figure 4-5



It is estimated that 35 percent of demand is generated by group business, 50 percent from corporate transient business and 15 percent from leisure. The projected rate and occupancy for 2011 are \$55 and 44 percent, respectively, making its RevPAR yield the lowest in the set, at 44 percent.

The **Holiday Inn & Suites** is located at 2720 North Glenstone Avenue just south of Interstate 44. It was opened in 1987 and recently renovated. It includes 8,200 square feet of function space including 3,000 square feet of ballroom space and 5,200 square feet of meeting rooms. It is shown in the figure below.

Figure 4-6



It is estimated that 30 percent of demand is generated by group business, 52 percent from corporate transient business and 18 percent from leisure. The projected rate and occupancy for 2011 are \$70 and 76 percent, respectively.

The **Ramada Oasis Hotel and Convention Center** is located at 2546 North Glenstone Avenue in the Interstate 44 business district. It was opened as a Howard Johnson and was the largest of the chain in the world. The property completed an extensive renovation of all public areas and hotel rooms in 2007 and acquired the Ramada flag in 2008. It includes 21,000 square feet of function space including a 13,000 square foot event hall with stage and 8,000 square feet of meeting rooms. It is shown in the figure below.

Figure 4-7



It is estimated that 60 percent of demand is generated by group business, 25 percent from corporate transient business and 15 percent from leisure. The recent renovations to the property have transformed it into a highly competitive meeting facility in Springfield. The projected rate and occupancy for 2011 are \$63 and 53 percent, respectively.

The **Courtyard by Marriott** is located at 3527 West Kearney, near the Springfield-Branson National Airport and approximately 6.9 miles from the Springfield Exposition Center. It was opened in 2000 and features a new lobby. It includes 4,000 square feet of meeting space. It is shown in the figure below.

Figure 4-8



It is estimated that 18 percent of demand is generated by group business, 70 percent from corporate transient business and 12 percent from leisure. The projected rate and occupancy for 2011 are \$97 and 67 percent, respectively.

The **Residence Inn by Marriott** is located at 1303 East Kingsley, near the Lester E. Cox Medical Center South and approximately 5.6 miles from the Springfield Exposition Center. It was opened in 2001. It includes 2,400 square feet of meeting space and is shown in the figure below.

Figure 4-9



It is estimated that 17 percent of demand is generated by group business, 71 percent from corporate transient business and 12 percent from leisure. The projected rate and occupancy for 2011 are \$113 and 78 percent, respectively. It has the highest RevPAR (occupancy x rate) yield in the competitive set, at approximately 160 percent.

The **Hilton Garden Inn** is located at 4155 South Nature Center Way adjacent to the Springfield Nature Center and near the retail district surrounding Battlefield Mall. The property opened in March of 2011 and is the first LEED gold certified hotel in the state of Missouri. The property is approximately 6.8 miles from the Springfield Exposition Center and includes two meeting rooms. It is shown in the figure below.

Figure 4-10



It is estimated that 15 percent of demand is generated by group business, 73 percent from corporate transient and 12 percent from leisure. The projected rate and occupancy for 2011 is \$119 and 62 percent, respectively. Once absorbed, it is expected to be the best performing hotel in the market, along with the Residence Inn.

The **Holiday Inn Express & Suites** is located at 1117 East St. Louis Street across from Hammons Baseball Field and is approximately 0.4 miles from the Springfield Exposition Center. It was opened in 2005 and includes 1,350 square feet of meeting space. It is shown in the figure below.

Figure 4-11



It is estimated that 15 percent of demand is generated by group business, 73 percent from corporate transient and 12 percent from leisure. The projected rate and occupancy for 2011 is \$115 and 63 percent, respectively.

The **Comfort Suites Medical District** is located at 310 East Monastery Street. The property was opened in 2006 and features 250 square feet of meeting space. It is shown in the figure below.

Figure 4-12



It is estimated that eight percent of demand will be generated by group business, 79 percent from corporate transient and 13 percent from leisure. The projected rate and occupancy for 2011 is \$95 and 52 percent, respectively.

Competitive Set Performance

The following table shows performance data for the competitive set from 2005.

Table 4-8

Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels											
Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	Occ.	% Change	ADR	% Change	RevPar	% Change
2005	1,273	464,810	--	276,496	--	59.5%	--	\$80.32	--	\$47.78	--
2006	1,449	528,914	13.8%	315,199	14.0%	59.6%	0.2%	\$83.36	3.8%	\$49.68	4.0%
2007	1,507	550,055	4.0%	323,273	2.6%	58.8%	-1.4%	\$88.69	6.4%	\$52.12	4.9%
2008	1,507	550,055	0.0%	317,775	-1.7%	57.8%	-1.7%	\$92.19	4.0%	\$53.26	2.2%
2009	1,507	550,055	0.0%	289,420	-8.9%	52.6%	-8.9%	\$89.04	-3.4%	\$46.85	-12.0%
2010	1,507	550,055	0.0%	317,313	9.6%	57.7%	9.6%	\$86.97	-2.3%	\$50.17	7.1%
2011 YTD (February)	1,507	88,913	0.0%	39,537	5.6%	44.5%	5.6%	\$85.21	-0.8%	\$37.89	4.8%
Projected 2011	1,612	588,305	7.0%	350,631	10.5%	59.6%	3.3%	\$87.14	0.2%	\$51.94	3.5%
CAGR* (2005-2011)	4.4%	4.4%	--	4.5%	--	0.0%	--	1.4%	--	1.5%	--

*Compound Annual Growth Rate
Sources: STR, HSP

With the addition of the Hilton Garden Inn, total rooms increased to 1,612 rooms in 2011. Room night demand peaked in 2007 at nearly 325,000 room nights, declined to 289,000 room nights in 2009 and is expected to set a record of 350,000 room nights in 2011. By 2010, quality improvements had helped demand increase to the 2006 level. Occupancy has ranged from 52.6 percent in 2009 to 59.6 percent in 2006 (and expected in 2011). Rate has increased from 2006 through 2008, then declined the past few years. The rate of ADR decline has slowed and it is expected to increase in 2011 with the improved quality of facilities, occupancy and the economy.

The following table is HSP's estimated of 2011 performance for the hotels in the competitive set.

Table 4-9

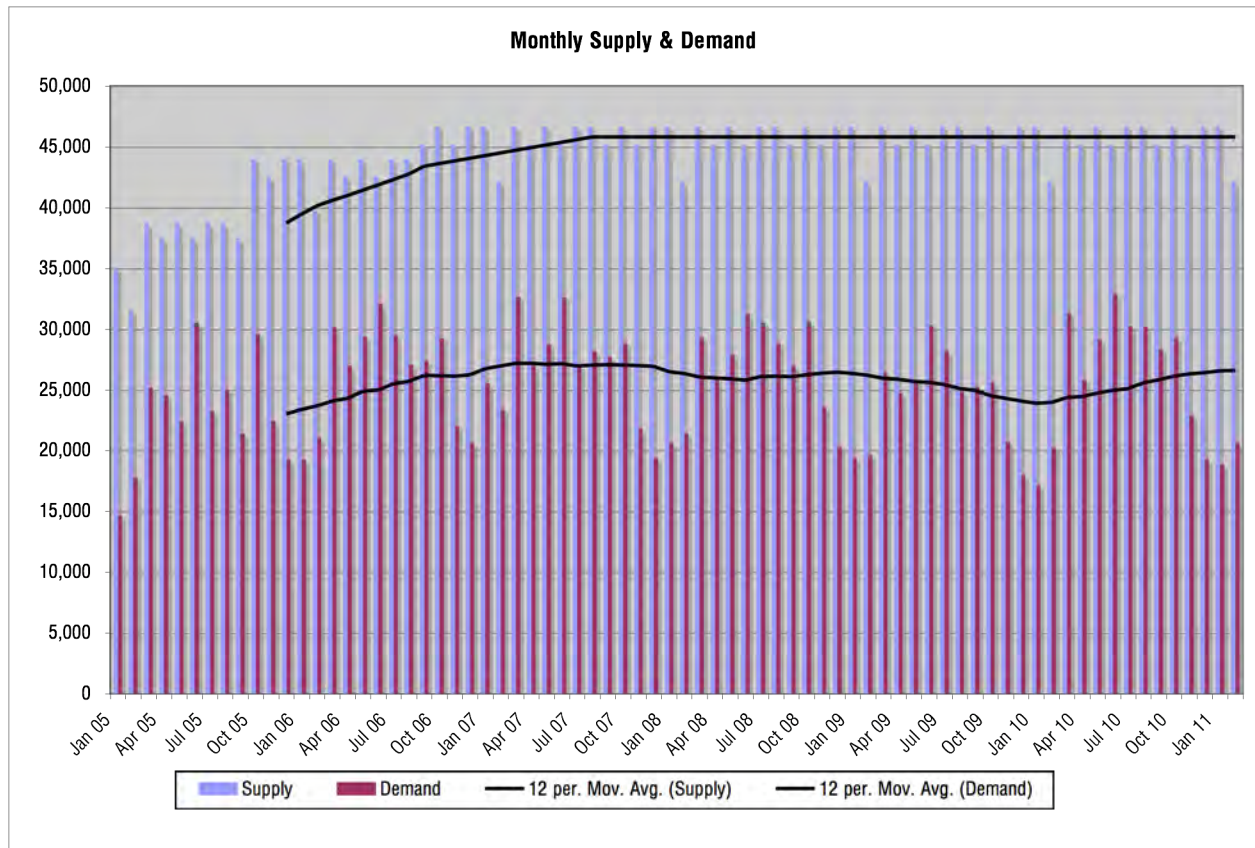
Competitive Set Hotels Estimated Occupancy, Rate & Market Segmentation for 2011					
Hotel	Rooms	RevPAR Yield	Market Segmentation		
			Corp. Transient	Group	Leisure
University Plaza Hotel & Convention Center	271	66%	15%	75%	10%
Doubletree	201	133%	45%	40%	15%
Clarion Hotel & Conference Center	192	44%	50%	35%	15%
Holiday Inn & Suites	188	97%	52%	30%	18%
Ramada Oasis Hotel & Convention Center	170	61%	25%	60%	15%
Courtyard by Marriott	142	120%	70%	18%	12%
Residence Inn by Marriott	136	163%	71%	17%	12%
Hilton Garden Inn	125	138%	73%	15%	12%
Holiday Inn Express & Suites	120	133%	73%	15%	12%
Comfort Suites Medical District	87	108%	79%	8%	13%
Total/Weighted Averages	1,632	100%	52%	34%	14%

Source: HSP

As shown, the University Plaza has the third lowest RevPAR yield of the competitive set. On the other end of the spectrum, the Residence Inn is projected to have a RevPAR yield of 163 percent. RevPAR is revenue per available room and calculated by multiplying rate by occupancy.

The following figure shows the supply and demand trends for the set for the period shown above.

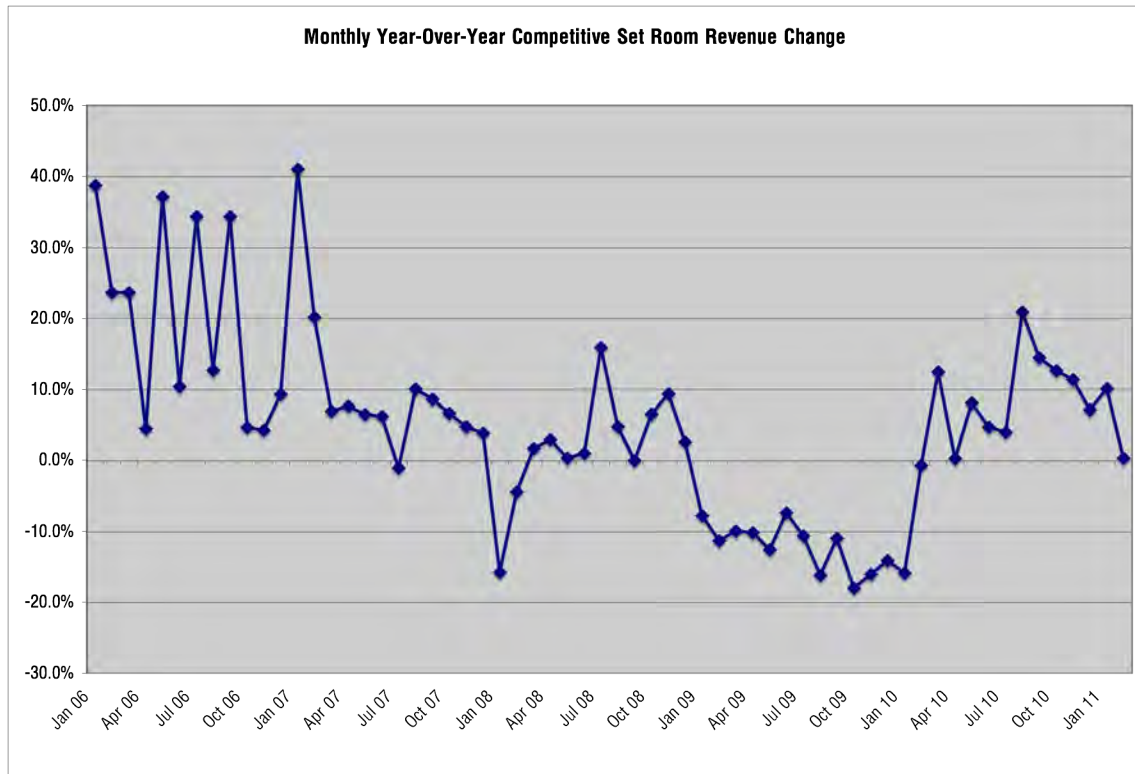
Figure 4-13



As shown, demand steadily declined until April of 2010, when it started to increase steadily.

The following figure shows room revenue changes by month (year over year).

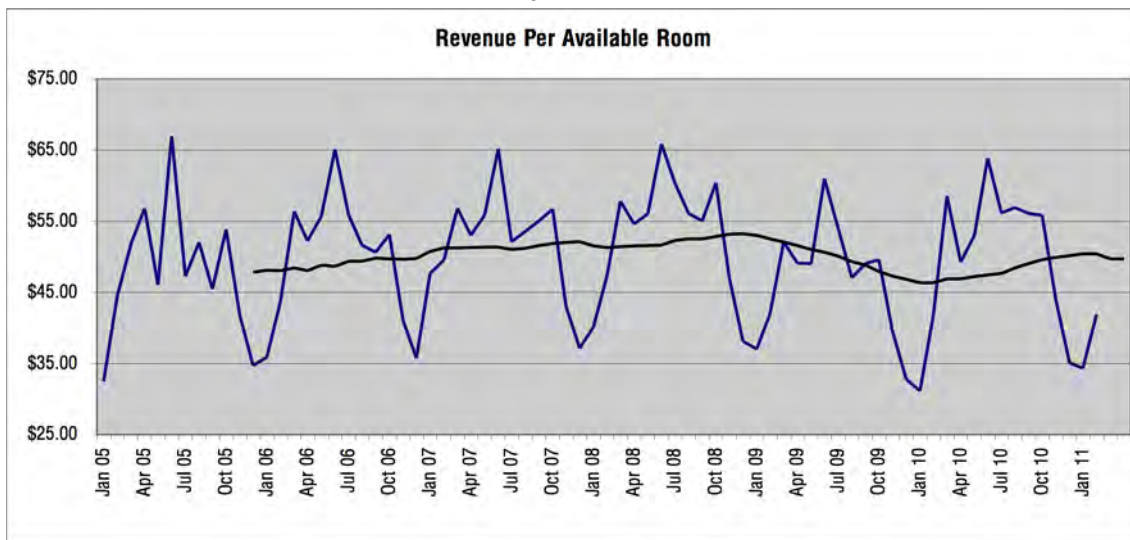
Figure 4-14



Any data point greater than zero is positive and the good news for Springfield is that in the past 12 months, revenue has started to increase again after more than a year of revenue declines.

The next figure shows Revenue Per Available Room (RevPAR), which is the product of occupancy and rate.

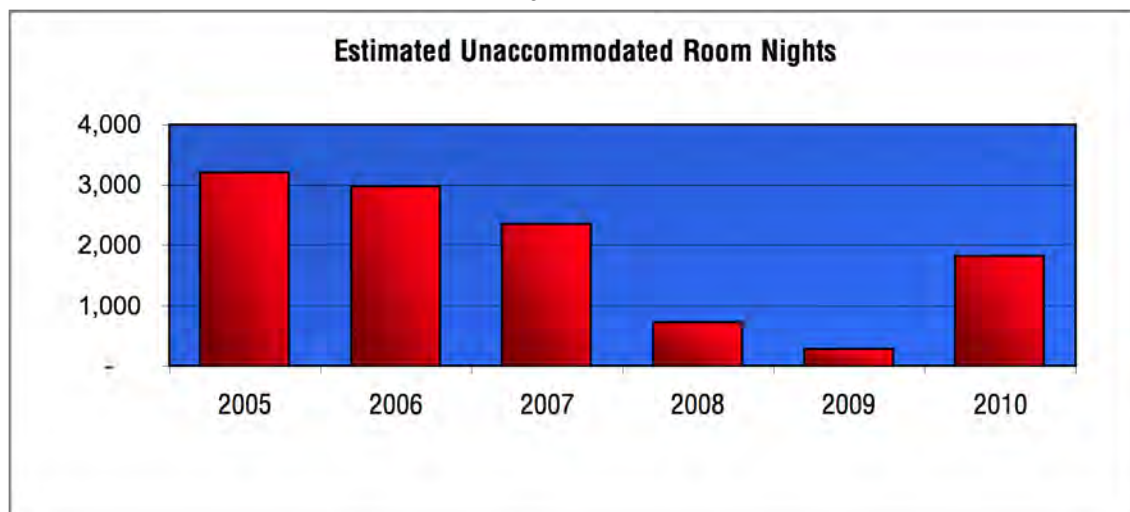
Figure 4-15



The smooth line above shows the 12-month moving average. RevPAR started to increase in the beginning of 2010, although it took a slight dip in the beginning of 2011.

The following figure shows the estimated unaccommodated room nights, which is based on the number of months of occupancy over 66 percent. When this occurs, there are many nights when hotels are sold out and guests must find accommodations outside of Springfield's competitive set. With new supply, this demand can be recaptured.

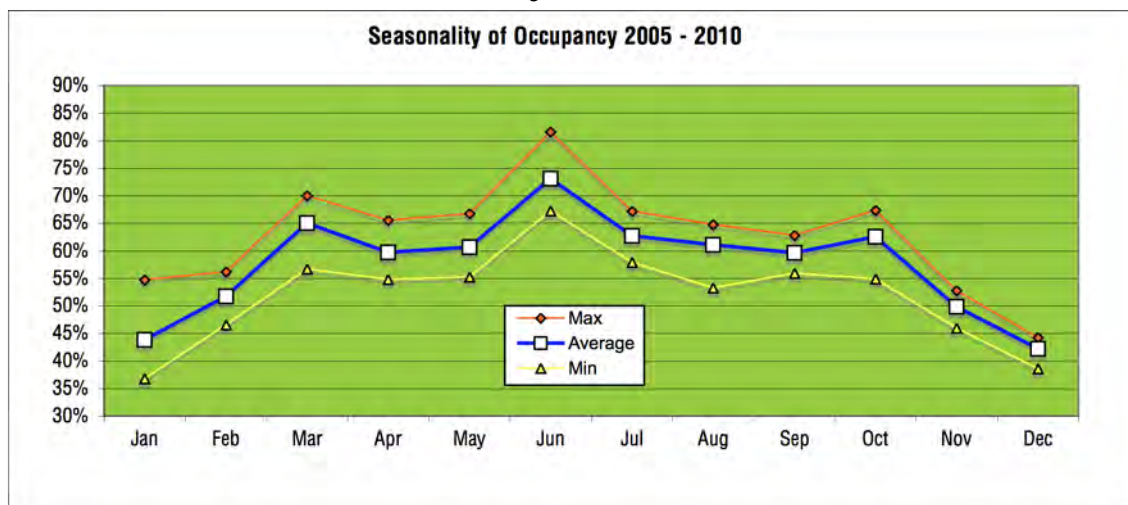
Figure 4-16



Unaccommodated demand has been limited due to the recession, but is expected to increase in 2011 as the economy improves. This suggests a new hotel will either need to induce new demand to the market or take market share from other hotels.

The following figure displays the seasonality of occupancy during the last six years.

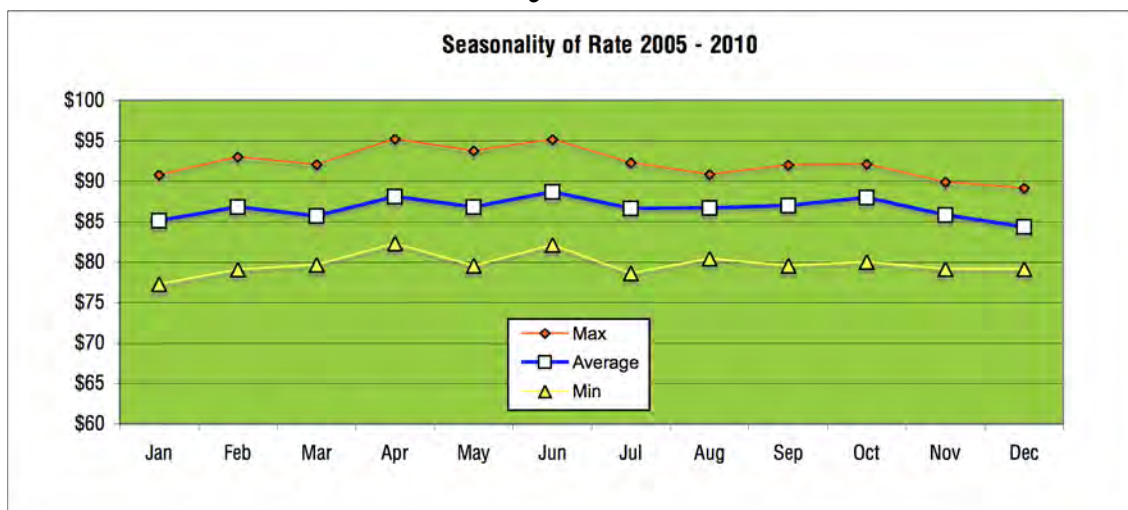
Figure 4-17



Occupancy peaks in June (nearly 75 percent on average), which is traditionally one of the busiest leisure travel months. Like most markets, occupancy is lowest in December and January.

The following figure shows the seasonality of rate.

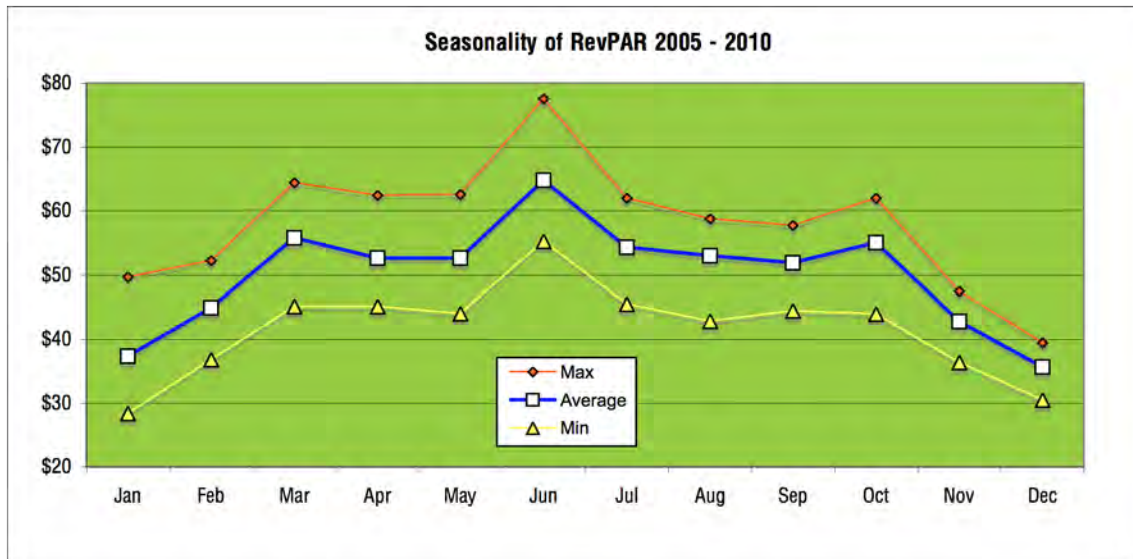
Figure 4-18



Average daily rate is generally consistent throughout the year, with a slight peak in June, April and October, on average.

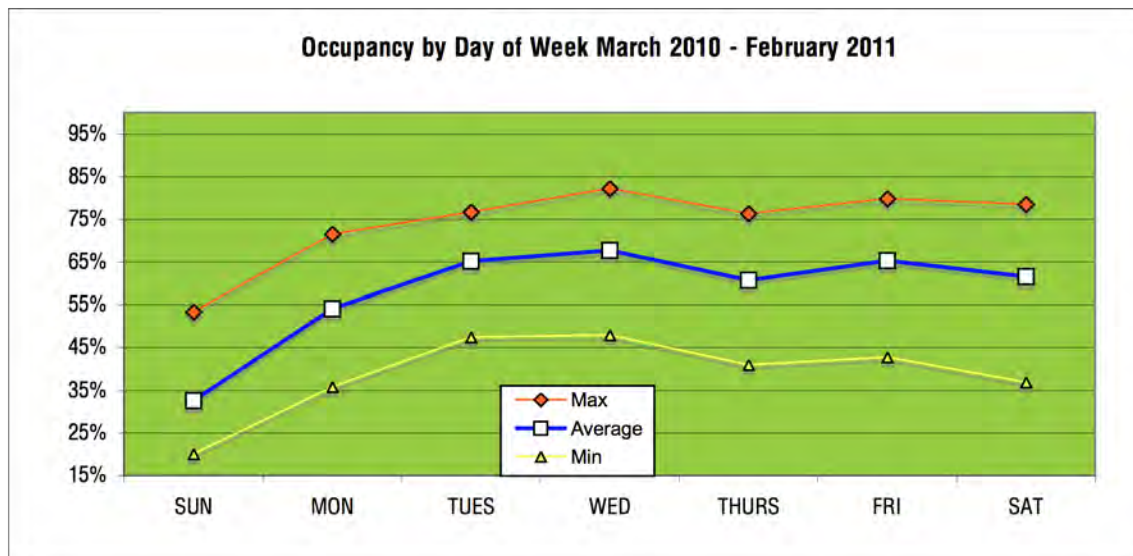
The following figure shows the seasonality of RevPAR, which is the product of rate and occupancy and suggests overall revenue.

Figure 4-19



The following figure shows occupancy by day of week during the last 12 months of data.

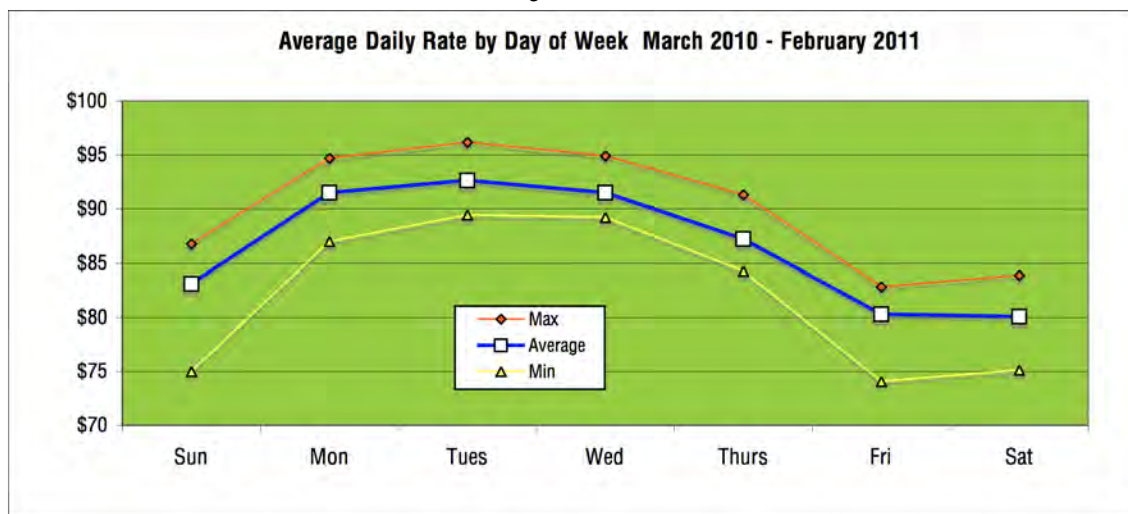
Figure 4-20



Occupancy is highest on Tuesday and Wednesday, suggesting the strength of the commercial market compared to other market segments, however it is also high on Friday nights, showing that leisure travel is strong.

The following figure shows average daily rate by day of week.

Figure 4-21



Rate is highest on Mondays, Tuesdays and Wednesdays and lowest during leisure weekend nights.

In the hotel demand and financial chapter, projections will be made for the recommendations as they relate to new or improved hotel product.

Implications

The competitive hotel market in Springfield consists of several new, limited-service properties that perform at the top of the market and a few, older, larger group hotels that struggle to maintain occupancy, rate or both. The University Plaza is the largest local hotel and has the lowest occupancy, which tends to pull rates down for the market when it uses price to generate business. While this can be good to lure certain pieces of beneficial citywide group business, it hurts the University Plaza and overall hotel market as a general business practice. There has been a flight to quality and the visitor market has shown that it is willing to pay as much as \$30 on average more than what the University Plaza gets for a branded, newer product, despite the lack of amenities such as restaurants and function space. There does not appear to be a trade-off between occupancy and rate, as exhibited by these properties that succeed on both measures. This general competitive hotel situation is not unusual and can be rectified by improvements to the older hotels, along with branding, which drives reservations. A new hotel near the Expo Center would force the quality issue with the University Plaza. However, without any changes to the Expo Center area or the University Plaza, the University Plaza is likely to cycle downward over

time and will require more and more capital infusions to remain a viable product. As the University Plaza goes, as the primary group hotel, so goes Springfield's position as a group destination. It therefore is critical to the success of Springfield that the University Plaza be a healthy partner in the business.

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CONVENTION INDUSTRY TRENDS

This section provides a current overview of trends and developments impacting meeting and convention facilities. Springfield seeks to improve the competitiveness of the Springfield Exposition Center and enhance the facility's performance. Understanding the trends and recent developments within the convention and meetings industry will assist Springfield in determining the steps necessary to improve the City's appeal to local, regional and national meeting planners.

Conventions, exhibitions, and trade shows are conducted for the purposes of exchanging information, conducting business transactions, and for educational, cultural, and social enrichment. As developments occur in the larger economy, simultaneous developments occur in the meetings market, such as the growth of the tech sector generating growth in tech-related meetings and events.

Often, a single event will use many different types of spaces, including exhibit halls, banquet facilities, and breakout meeting rooms. Well-designed multipurpose facilities offer the proportions of different types of spaces appropriate for their market. In addition, it offers the flexibility to host multiple events at one time. Different types of conventions and meetings have differing needs.

The following table summarizes the key attributes of various types of meetings, including facility requirements.

Table 5-1

Facility Types & Requirements for Various Event Types										
Event Type	Conventions with Exhibits	Conventions	Tradeshows	Consumer Shows	Assemblies	Sports Events	Conferences	Meetings	Trainings	Banquets
Attendance Range	150 - 50,000	150 - 15,000	250 - 50,000	8,000 - 1,000,000	5,000 - 50,000	500 - 100,000	50 - 2,000	10 - 300	10 - 300	50 - 2,000
Primary Purpose	Info Exchange & Sales	Info Exchange	Sales	Advertising & Sales	Info Exchange	Sports	Info Exchange	Info Exchange	Training	Social, Business & Charity
Facility Requirements	Exhibit Halls, Ballroom, Meeting Rooms, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Exhibit Halls, Hotel Block	Exhibit Halls	Arena or Exhibit Halls, Hotel Block	Arena, Stadium or Exhibit Halls, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Ballroom
Typical Facility Used	Convention Center & Large Hotels	Convention Center & Large Hotels	Expo Facilities & Convention Centers	Expo Facilities & Convention Centers	Arenas or Convention Centers	Arena, Stadiums, Convention Centers	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels

Source: HSP

The various types of convention and conference center events are described below:

Conventions and Trade Shows – Associations, professional groups, and other membership organizations hold conventions and trade shows, with attendance ranging from 150 to 50,000 attendees. The larger of these meetings take place in convention centers with large exhibit halls,

but as a Center for Exhibition Industry Research (CEIR) survey indicates, the majority of events require less than 50,000 square feet. Conventions and trade shows may feature a single meeting, but usually offer a number of concurrent meetings and exhibitions. Facility needs include assembly space for general sessions and displays, banquet facilities, and numerous breakout-meeting rooms. Two-thirds of conventions and trade shows use exhibit space as a means to communicate ideas and to display products.

Conventions are high-impact events economically because a large percentage of attendees originate from outside the local area, typically stay several nights in the host city, and spend money on accommodations, food, transportation, retail goods, and entertainment. Spouses, family, or companions typically accompany a significant number of attendees.

Like conventions, **trade shows** offer a forum for exchanging industry ideas. They vary slightly from conventions in that trade shows are traditionally product- and sales-oriented. Trade shows are exhibit-intensive, and exhibitors prefer column-free, open-space facilities in which temporary custom booths for product display are constructed. Trade shows typically attract a large number of attendees, who originate from outside the host city but tend to have a shorter average stay than convention attendees.

Consumer Shows - Consumer shows are public, ticketed events featuring exhibitions of merchandise for sale or display. Consumer shows provide a means of product distribution and advertising. Some, such as auto and boat shows, have a recreational and entertainment function as well. Consumer shows range in size from small local and specialized shows with a few hundred attendees to large shows with thousands of attendees. The larger consumer shows may occur in convention centers, shopping malls, fairgrounds, and other public-assembly facilities with large exhibition areas. The majority of attendees are local, but exhibitors often come from out of town. Site selection considerations for consumer shows include the size and income of the local population, availability of facilities, and the number of competitive shows in the market.

Assemblies - Assembly events are social, military, educational, religious, and fraternal (SMERF) events. They attract large numbers of people and require arena or stadium seating. Similar to conventions, attendees originate from outside the host city, but, unlike conventions, these events do not usually require large amounts of exhibit and meeting room space.

Sports – Sporting events are any youth, amateur, professional, or senior event of any variety of sports that can be played indoors. Typically, such events are held in arenas or stadiums; however, many sport events can be held in exhibit facilities with temporary seating/stands. A growing trend in this sector is cheerleading competitions. As such, convention centers can be marketed for a variety of event types.

Conferences – Conferences are meetings typically held by associations, professional groups, and other membership organizations. Educational institutions also host conferences. These events do not usually require exhibit space, but otherwise the facility demands are similar to those of conventions—such as meeting space for general sessions, food service facilities, and breakout rooms. Hotels and conference centers typically serve as venues for conferences.

Corporate, Training and Other Meetings – Corporate meetings include training seminars, professional and technical conferences, incentive trips, and management meetings. Corporate meeting planners and attendees demand high-quality facilities. The existing facilities can accommodate most of these types of meetings; however, there are catering challenges for some users. With a higher-quality and expanded program of spaces, higher-rated and larger corporate meetings can be accommodated.

Banquets – Banquets are typically locally-generated events, from social and wedding events to the annual Chamber of Commerce event, which can be the largest of its kind in a given city. A mainstay of hotels and convention centers, banquets provide significant catering income and provide the community with its largest dining room, in most cases.

National Supply

Demand for meeting and exhibition space allowed many communities in the U.S. to develop successful convention and trade show facilities during the 1970s and 1980s. Public sector involvement in these developments was motivated primarily by the desire to capture the economic benefits of the events they hosted in their communities.

Figure 5-1 shows the comparison of supply and demand growth beginning in 1987.

Figure 5-1

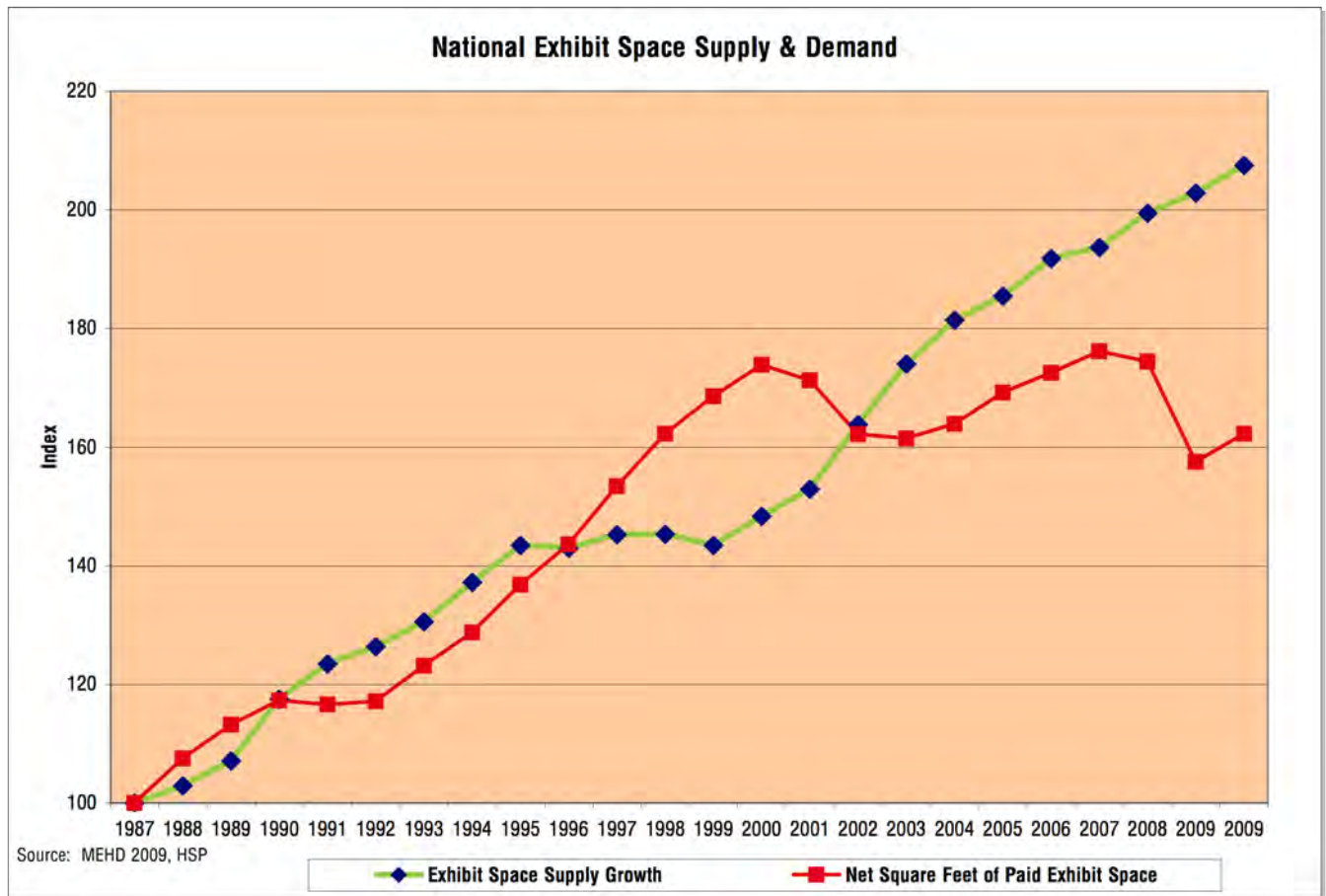


Exhibit space supply has increased every year since 1999, however paid exhibit space rises and falls with the economy, decreasing in 2001 and 2002 as well as 2008 and especially in 2009. This has led to increased competition amongst convention centers, especially larger facilities.

Table 5-2 shows the increases in supply of exhibit space over the past few years, as well as 2011 and beyond.

Table 5-2

National Projected Added Exhibit Space (Square Feet)					
Fiscal Year	Expansions	New Facilities	Total	Increase from Base	Base
2009-2010	1,023,532	441,728	1,465,260	1.6%	92,079,589
2010-2011	985,587	201,000	1,186,587	1.3%	93,266,176
2011+	20,000	816,000	836,000	0.9%	94,102,176

Source: Major Exhibit Hall Directory

The future increase in supply is expected to slow as a percent of the base supply, which, as the economy improves, should help to alleviate some of the stress on convention venues to make deals on rent that have been increasing over the past few years.

Most existing facilities are in some form of expansion or renovation, to update aging facilities, add new technology features and services, and add space to attract larger events. The following table shows the percentage of national facilities that are in some form of growth.

Table 5-3

Current Improvements in National Facilities	
Type of Improvement	Percentage
New Construction	17%
Expansion	32%
Renovation	17%
Total	66%
No development Plans	35%

Source: AIPC, R7M Research & Consulting

Sixty-six percent of facilities nationally are taking some current action to improve the facility, either through new construction, expansion or renovation.

One of the major considerations in renovations and expansion is improvements to the facilities to accommodate new technology. The Internet has become an essential part of all exhibit space and convention facilities.

Table 5-4 sets out the changes that have occurred in convention center technology in the past ten years.

Table 5-4

Convention Facilities Technology Status Ten-Year Comparison		
Type	Ten Years Ago	Today
Facility		
Facility Website	87%	100%
Internet Access	77%	100%
Wireless Internet	60%	94%
Teleconferencing	58%	72%
Video Conferencing	50%	66%
Social Media Presence	0%	54%
Security Access Cards	43%	44%
Online Event Planning		
Booking Events	20%	19%
Ordering Supplies for Events	18%	31%
Booking Accommodations	16%	23%

Source: PricewaterhouseCoopers 2009

Every convention center in the United States has a website and Internet access, which was not the case ten years ago. Almost every facility has wireless Internet, 94 percent, up from sixty percent ten years ago. More than half of the convention centers in the United States have some social media presence, either on Facebook, Twitter, or some other platform.

Online event planning has not changed much in the past ten years, however. The only category that has significantly changed is ordering supplies for events, up from 18 percent to 31 percent. This indicates that staffing and personal marketing are still very important to a convention center, with the one-to-one contact through telephone and in person still essential for event planning.

The following table shows the distribution of facilities by size.

Table 5-5

Distribution of National Facilities by Size	
Total Square Feet of Exhibit Space	Percent of Facilities
25,000 - 49,999	16%
50,000 - 99,999	29%
100,000 - 499,999	47%
500,000+	8%

Source: Major Exhibit Hall Directory

Nearly half of convention facilities have between 100,000 and 499,999 square feet of exhibit space. Springfield's facility is in the category of the 16 percent of facilities with 25,000 to 49,999 square feet of exhibit space. There is less competition within this small category of facilities.

The following table summarizes the ownership and management structure of U.S.-based exhibit halls.

Table 5-6

Ownership and Management of U.S. Exhibit Halls		
Type of Entity	Ownership	Management
Private	37%	63%
City	32%	16%
County	11%	4%
State	9%	6%
Combination Government	5%	2%
Government Authority	3%	5%
Other	3%	4%
Source: Major Exhibit Hall Directory		

Like Springfield, most exhibit halls are managed by the private sector and owned by some form of the public sector. This trend toward private management has increased as governments and citizens are demanding more professional management and accounting related to the results at these major public investments.

Meeting Demand

Meeting planners have the strongest influence on conventions and meetings held nationwide. This section includes some of the preferences of U.S. meeting planners based on Meetings Media's Market Trends Survey in 2008 as well as data from other sources.

Table 5-7 shows the size of exhibitions measured by the total gross square feet of space used for their event.

Table 5-7

Size of Exhibitions (Gross Exhibit Space)		
	Percent of Total	Cumulative Total
6,000 - 14,999 SF	19%	19%
15,000 - 24,999 SF	13%	32%
25,000 - 34,999 SF	15%	47%
35,000 - 49,999 SF	13%	60%
50,000 - 99,999 SF	19%	79%
100,000 - 199,999 SF	14%	93%
200,000+ SF	7%	100%
Source: Center for Exhibition Industry Research		

Distribution is fairly equal for the size of exhibitions. Nearly 20 percent of exhibitions occur in less than 15,000 square feet of exhibit space and an additional 13 percent take place in 15,000 to 25,000 square feet of space. Facilities under 25,000 square feet of gross exhibit space can host one third of conventions.

The following table shows the typical meeting duration organized by meeting planners.

Table 5-8

Typical Meeting Duration	
0.5 day	7%
1 day	9%
1.5 days	7%
2 days	14%
2.5 days	13%
3 days	22%
3.5 days	9%
4 days	8%
4.5 days	3%
5 days	5%
More than 5 days	3%
Source: Meetings Media, HSP	

Half of all meetings and events last between two and three days.

The table below shows the effects of the economy in the past year and expectations for the next year on meeting budgets.

Table 5-9

Conventions and Meetings Budgets Increase/Decrease from Prior Year			
Increase/Decrease	2008	2009	Projected 2010
Increase	35%	12%	13%
Remain the Same	38%	39%	50%
Decrease	15%	33%	21%
No Answer	12%	16%	15%
Source: PCMA Meetings Market Survey 2010			

As the table shows, most meeting planner budgets for conventions and meetings either increased or remained the same in 2008, while most decreased or remained the same in 2009. Fifty percent of projected 2010 budgets were to remain the same, but only 21 percent were anticipated to decrease, a significant drop over the 33 percent decrease in 2009.

Conventions and meeting attendance also fell during the down economy. It appears that it may begin to increase again, based on the PCMA survey, but the increase was not anticipated to be great in 2010.

Table 5-10 sets out the percent of conventions and meetings that had attendance increases and decreases in the past three years.

Table 5-10

Conventions and Meetings Attendance Increase/Decrease from Prior Year			
Increase/Decrease	2008	2009	Projected 2010
Increase	39%	16%	23%
Remain the Same	28%	25%	51%
Decrease	31%	48%	19%
No Answer	2%	11%	7%
Source: PCMA Meetings Market Survey 2010			

According to the survey, conventions and meetings attendance increased from 2007 to 2008 in 39 percent of the events held, while attendance increased in only sixteen percent of the events in 2009. Almost half (48 percent) of the events saw a decrease in attendance in 2009. The survey results shows increased optimism for 2010, however, with 51 percent of events projected to remain the same and 23 percent expecting increased attendance.

The number of exhibitors at an event is also an indication of the strength of the conventions and meetings market. The table below sets out the increase or decrease in exhibitors from the prior year.

Table 5-11

Convention and Meetings Exhibitors Increase/Decrease from Prior Year			
Increase/Decrease	2008	2009	Projected 2010
Increase	31%	11%	19%
Remain the Same	46%	37%	58%
Decrease	19%	42%	15%
No Answer	4%	10%	9%
Source: PCMA Meetings Market Survey 2010			

The table above shows that 31 percent of the meeting planners surveyed found an increase of exhibitors at events in 2008 from 2007. The next year only eleven percent found an increase in exhibitors, while 42 percent reported a decrease. The projections for 2010 were that 58 percent expected no change in the number of exhibitors.

The forecast for 2011 appears to be a bit brighter, with anticipated growth in both event attendance and number of exhibitors attending.

The table below sets out the anticipated growth that meetings and event planners anticipate for 2011.

Table 5-12

2011 Attendance and Exhibitor Forecasts	
Type	Percent Growth
Attendance Growth	7.2%
Exhibitor Growth	4.1%
Source: R7M Event Industry Outlook, Media LLC 2011	

Meeting planners anticipate a growth in attendance for 2011 of 7.2 percent and a growth in the number of exhibitors of 4.1 percent.

The tables above show that demand decreased in 2009 and began a small increase in 2010. The forecast is for more growth in 2011, as the industry continues to recover from the recent economic downturn.

The following table shows the types of facilities used for all conventions and meetings (respondents could give more than one answer).

Table 5-13

Types of Facilities Used for U.S. Meetings and Conventions	
Downtown Hotels	68%
Suburban Hotels	48%
Resort Hotels (excluding golf resorts)	42%
Airport Hotels	26%
Convention Centers	19%
Golf Resorts	16%
Suites Hotels	16%
Gaming Facilities	9%
Residential Conference Centers	9%
Nonresidential Conference Centers	6%
Cruise Ships	1%
Source: 2006 Meetings Market Report	

For all meetings and conventions, hotels of all sorts are the primary host venue. Convention centers host one out of five meetings or conventions. For conventions only, typically only convention centers and large hotels host these types of events.

The following table presents average attendance for convention/trade shows and consumer shows.

Table 5-14

U.S. Exhibit Hall Events - Average Attendance		
Size	Conventions / Trade Shows	Consumer Shows
Less than 100,000 square feet	1,600	3,300
100,000 to 500,000 square feet	3,600	9,500
More than 500,000 square feet	9,100	17,500
Source: PricewaterhouseCoopers 2009		

The following table shows the average event count and attendance for survey respondents by facility size.

Table 5-15

U.S. Convention Centers - All Event Characteristics		
Size	Average Event Count	Average Total Attendance
Less than 100,000 square feet	322	218,300
100,000 to 500,000 square feet	370	627,000
More than 500,000 square feet	219	1,119,200

Source: PricewaterhouseCoopers 2009

The following table displays the number of convention/trade show and consumer show events hosted by survey respondents.

Table 5-16

Surveyed National Exhibit Halls - Average Number of Events			
Size	Conventions / Trade Shows	Consumer Shows	Total
Less than 100,000 square feet	27	22	49
100,000 to 500,000 square feet	45	24	69
More than 500,000 square feet	54	24	78

Source: PricewaterhouseCoopers 2009

Table 5-17 shows the average number of room nights generated annually by respondents to the convention center survey.

Table 5-17

U.S. Convention Centers - Hotel Room Nights	
Size	Average Number of Room Nights
Less than 100,000 square feet	34,200
100,000 to 500,000 square feet	182,000
More than 500,000 square feet	927,500

Source: PricewaterhouseCoopers 2009

The next figure shows the seasonality of the convention calendar across the United States.

Figure 5-2

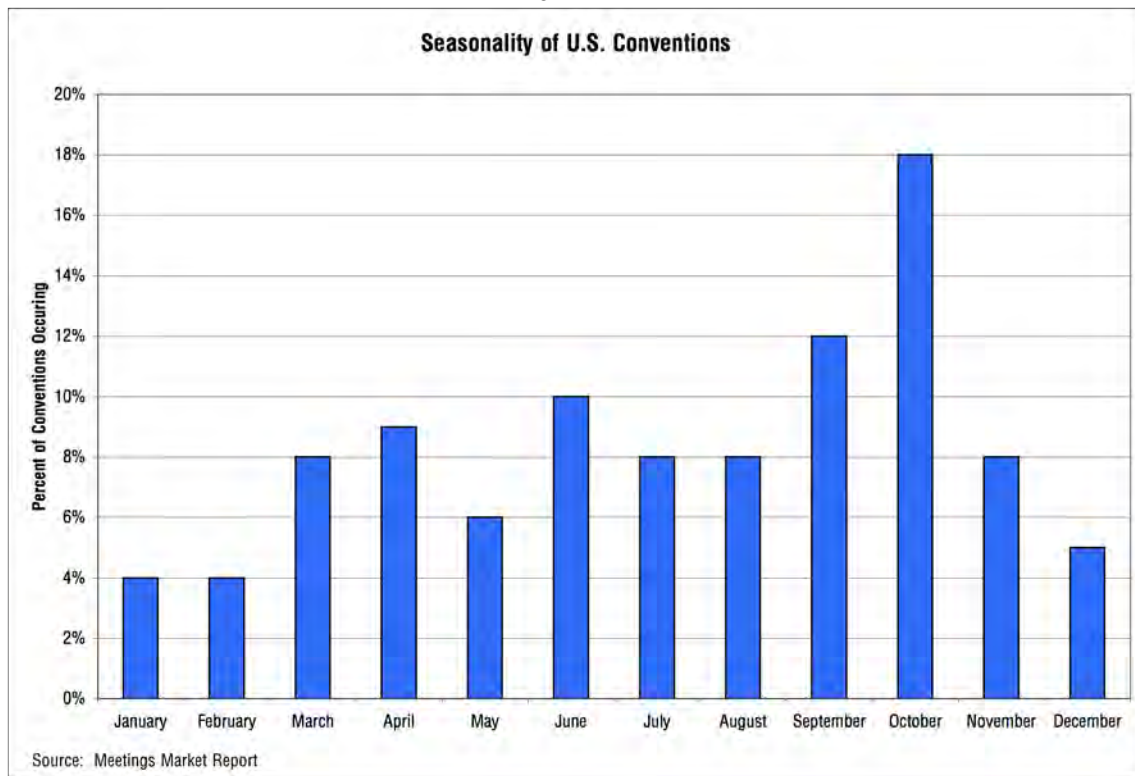


Table 5-18 shows the important factors when choosing a meeting destination/city.

Table 5-18

Important Factors when Selecting a U.S. Meeting Destination			
	Convention	Association Meeting	Corporate Meeting
Availability of hotels and/or other facilities suitable for meetings	83%	79%	74%
Affordability of Destination	77%	81%	77%
Safety and Security of Destination	46%	na	na
Ease of Transporting Attendees to/from Location	43%	na	62%
Transportation Costs	43%	na	na

Source: Meetings Market Report

The availability of suitable hotel and meeting space is of primary importance, followed closely by the affordability of the destination. As shown in the survey, despite Springfield's low hotel rates, pricing remains a hurdle for many planners considering Springfield. Below market rent for facilities is a key factor driving the industry. However, availability of hotels and the proper types of function space (ballrooms and breakout meeting rooms), the most important factor, weighs against Springfield.

Once a destination is selected, planners must then choose a hotel. The following table shows the important factors for selecting hotels within the destination.

Table 5-19

Important Factors when Selecting a Hotel within a U.S. Meeting Location			
Item	Convention	Association	Corporate
Number, Size and Quality of Meeting Rooms	93%	69%	81%
Negotiable Food, Beverage and Room Rates	87%	80%	79%
Cost of Hotel or Meeting Facility	82%	80%	80%
Number, Size and Quality of Sleeping Rooms	79%	54%	72%
Quality of Food Service	70%	63%	70%
Source: Meetings Market Report			

As shown, availability of the right spaces and the fees for those spaces are the primary factors. Springfield has only two hotels walkable from the Expo Center and so the choice for planners is limited.

Conclusion

The convention and conference event industry is diverse and responds well to facilities that can accommodate their needs, such as assembly space for general sessions and displays, ballroom facilities, and numerous breakout-meeting rooms. Supply has been outpacing demand in the convention and meetings industry, even before the economic downturn in 2008. Even in an economic downturn, however, more than 65 percent of convention and meetings facilities are expanding, renovating or building new facilities. This will continue to drive pricing down, which is favorable for planners and unfavorable for meeting facilities. "Buying" business is a factor for a number of events, when rent is either reduced or eliminated for the more important shows. However, for those communities with the right mix of facilities and attractiveness, the return on investment can be quite measurable, in jobs, business activity and tax revenue.

Important factors in the decision process of choosing a convention or meeting site include availability of nearby hotel rooms, cost of travel, and meeting space in the convention center and hotels. The most important types of meeting space now are the number of breakout meeting rooms and ballrooms. Expo and exhibition space are still important, but less so now than in the

past. Higher rated business (corporate, medical, association) needs many breakout rooms and high quality ballrooms to conduct their trainings and other meetings.

Technology demands are a large part of the renovation and redesign, with attendees and exhibitors wanting Internet access and other new technology. Affordability is another important factor, as discussed. Springfield must consider all these factors when making decisions about the future of the Exposition Center and the meetings and convention plans in the city. However, given the data discussed in this chapter, it is clear why Springfield is suffering in the meetings and events business: it lacks the hotel package (size, quality, room block and connectivity) and the types of space needed (lack of breakout meeting rooms at the University Plaza and Expo Center and lack of a ballroom at the Expo Center).

Is investment in this industry worth it? For those that construct and manage the right set of facilities, yes. The market is absorbing expansions planned during the past economic expansion and so combined with the recession, performance has been weak. However, with the economy on the rebound and civic budgets strained, supply increases should be constrained for the next several years while demand should increase. This will mean that for the next five to ten years, the expanding demand will shift the market more toward the seller's advantage. Those that put the right package together: hotels and the right kinds of function space in a walkable environment, will generate new meetings and event business. Enhancing the 'fun' side of the community, such as a nearby downtown or entertainment/restaurant district, will provide the community more to sell against its competitors. Ultimately, those cities with a competitive package will generate a constant flow of group and event business that will support a number of hotels, restaurants and jobs.

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COMPETITIVE ENVIRONMENT

In order to understand how Springfield and the Springfield Exposition Center compare and compete with other local and regional meeting and event options, HSP undertook a review of Springfield's top meeting destination competitors. These cities and venues (Branson and Lake of the Ozarks both include two competitors) were determined through an analysis of lost business reports, discussions with the Springfield CVB and the event planner survey conducted for this study. HSP reviewed the critical characteristics of these competitors to determine how competitive Springfield is in the various categories.

The table below provides an overview of Springfield's primary competitive set.

Table 6-1

Competitive Cities Overview (Ranked by MSA Population)			
City	Rank	MSA Population	Primary Meeting Facility
St. Charles, MO	1	2,812,896	St. Charles Convention Center
St. Louis, MO	1	2,812,896	America's Center
Kansas City, MO	3	2,035,334	Kansas City Convention Center
Overland Park, KS	3	2,035,334	Overland Park Convention Center
Rogers, AR	5	463,204	Embassy Suites
Joplin, MO	7	175,518	Holiday Inn & Convention Center
Columbia, MO	8	172,786	Columbia Expo Center
Jefferson City, MO	9	149,807	To-Be-Built Facility
Lake of the Ozarks, MO*	9	149,807	Tan-Tar-A Resort/Lodge of the Four Seasons
St. Joseph, MO	11	127,329	Civic Arena + To-Be-Built Facility
Branson, MO	12	79,447	Hilton Branson Convention Center, Chateau on the Lake
Springfield, MO	6	436,712	Springfield Expo Center

*Jefferson City MSA
Source: US Census, HSP

As the table shows, nearly all of the competitive cities are located in Missouri. These cities all compete for many of the same regional and state conventions, conferences and meetings, especially state government groups and associations. Although the larger cities such as Kansas City and St. Louis are more competitive for national events, which Springfield would not be competing for, local and regional business have all of these destinations to choose from. All the competitors have either a large meeting facility (convention center, typically) or a hotel-based convention/expo facility (Columbia, Joplin, Chateau on the Lake in Branson, Tan-Tar-A and Lodge of the Four Seasons) except St. Joseph and Jefferson City, which are planning convention/conference facilities that will be competitive. Jefferson City has passed the tax that will allow them to build their facility. Rogers (near Bentonville, Arkansas) has a hotel-based facility that acts like a convention center due to its very large ballroom. Several of the competitive facilities are

owned and/or operated by John Q. Hammons Hotels & Resorts: Chateau on the Lake, Embassy Suites Rogers and the Embassy Suites at the St. Charles Convention Center.

The following is a brief commentary on each competitive market. Where available, each market's convention center is detailed with an annual overview of the number of events, attendees and room nights generated by the facility. In the case of private facilities, hotel data for that market is provided as well as an estimate of market segmentation, including the group market.

Branson, Missouri

The city of Branson, Missouri, is located approximately 50 miles south of Springfield and the cities complement each other in many ways due to their proximity, so they are both competitors and beneficiaries of each other's assets. Branson has become a major tourist destination over the past 30 years, due to the location of many theaters featuring continuously running acts and other tourist attractions. The city has become an entertainment destination for many country music performers and other entertainers and is also home to Silver Dollar City theme park, one of the oldest such theme parks in the country.

Branson has recently leveraged its destination status to induce group demand, by adding a convention center, hotels and retail/restaurant development. Branson Landing is a shopping and entertainment district that opened in 2006. It consists of numerous retailers and restaurants and a 242-room Hilton Promenade on the river. It sits across the street from the new Branson Convention Center, which opened in 2007, which also includes a 294-room Hilton Hotel. The convention center features 96,000 square feet of exhibit space and a 22,000 square foot ballroom. In addition to these attributes, the 301-room Chateau on the Lake is a large group hotel overlooking Table Rock Lake, which competes with both the Branson Convention Center as well as Springfield. It was the primary meeting facility in Branson until the convention center opened and features nearly 32,000 square feet of ballroom and exhibit space.

The table below shows an overview of the number of events and attendees hosted annually at the Branson Convention Center.

Table 6-2

Branson Historical Convention Market - Overview				
	2008	2009	2010	5-year Average
Events	221	213	248	227
Attendance	165,750	183,194	187,645	178,863
Source: Branson Convention Center, HSP				

As shown, the Branson Convention Center hosts an average of 227 events each year, attracting more than 175,000 attendees. 2010 served as the facility's most successful year as nearly 250 events were held within the facility, attracting nearly 190,000 attendees.

Columbia, Missouri

Columbia, Missouri is located in the central part of the state and is 175 miles north of Springfield. It is the home of the University of Missouri, with a student enrollment of over 31,000. The city is a popular destination for college sporting events, with both the football and men's basketball teams having successful and popular programs. The city has a small expo center as part of the 311-room Holiday Inn Select, with 18,000 square feet of exhibit space. Columbia also is home to the Mizzou Arena and the Hearnes Center; both sports arenas that can also provide exhibit space as well as house major events and concerts.

The city's strengths are primarily associated with its college orientation and eclectic, fun downtown feel. While the city is easily accessible by car, it lacks air service, which constrains it for certain groups and events.

The average daily rate for Columbia's market of hotels was \$77.40 and occupancy was 64.5 percent in 2010. Information on the number of group room nights for the market or the primary meeting hotel was not available.

Jefferson City, Missouri

Jefferson City, Missouri, located thirty miles south of Columbia in the center of the state, is 140 miles north of Springfield and is the capital of Missouri.

Jefferson City does not have major events or convention space, however the city has approved funding for a new convention facility and hotel with exhibit, ballroom and meeting space. It has two larger hotels downtown, the 151-room Doubletree and the 255-room Capitol Plaza, both of which have meeting space. However, once the new conference center and hotel open the community will be a strong competitor for certain state association meetings, given its position as the state capitol. Its primary strength is its status as the state capitol, however it has no air service and a limited nightlife.

According to the CVB, the hotel market segmentation is as follows:

- Association & Government Group: 62 percent
- Other Group: 4 percent
- Leisure: 8 percent
- Commercial Transient: 26 percent

While the market is small, the amount of group business is significant, due to its location as the state capital. With a new facility and hotels, the market will be even more competitive for group business.

Joplin, Missouri

Joplin is located in far southwest Missouri, near the borders with Oklahoma and Kansas. It lies along the former Route 66 and has been redeveloping its downtown for the past several years. It has a meeting facility, the John Q Hammons Holiday Inn & Convention Center, with 30,000 square feet of exhibit space. While the facility is not downtown, it is near many hotels, which provides it a competitive advantage. Joplin has been growing at a relatively fast pace over the past decade and is a hub for many logistics companies. Trucking and train operations are a primary driver of the economy there. It also is proximate to Tulsa and parts of Arkansas and Kansas, making it competitive for meetings in four states.

Due to the recent tornado that devastated the community, many of the hotels in Joplin were damaged with many on a basic staffing plan. Information for Joplin, from hotels and the CVB, was not readily available due to the continuing emergency situation there.

Kansas City, Missouri

Kansas City is Missouri's largest city (although St. Louis' metro population is larger), located on the state's western border with Kansas. The city is a major regional cultural and economic center with six Fortune 1000 employers, including H&R Block. It features a large downtown with many event and meeting venues, including the Kansas City Convention Center (KCCC) with 388,000 square feet of exhibit space and a new 46,000-square-foot ballroom. The entertainment, restaurant and retail district called the Kansas City Power & Light District opened approximately four years ago between the KCCC and the new Sprint Center Arena, making the downtown a compelling place to host events. The city's meetings package has suffered from a lack of large high-quality convention hotels. Over the past three years, it has sought the development of a 1,000-room hotel adjacent to the KCCC, however no project has been financed. Air service is inexpensive, but there is no hub airline, so access can be an issue for some larger groups.

The KCCC markets itself as the Kansas City Convention Center and Entertainment Facilities due to the Center's close proximity to Kemper Arena and the Kansas City Performing Arts Center. These facilities typically operate in conjunction with each other for larger events by providing ancillary meeting space if needed.

The table below shows an overview of the number of events and attendees held over the past three years at the Kansas City Convention Center and Entertainment Facilities.

Table 6-3

Kansas City Historical Convention Market - Overview				
	2008	2009	2010	Average
Events	368	420	409	399
Attendance	729,340	651,443	593,087	657,957
Room Nights	n/a	263,267	211,250	237,259
Source: Kansas City CVA, HSP				

As the table shows, the KCCC and Entertainment Facilities attract an average of nearly 400 annual events. An average of more than 650,000 attendees attended these events, generating an average of more than 235,000 room nights annually, according to the KCCVA.

The table below provides a breakdown of each type of event held at the Kansas City Convention Center.

Table 6-4

Kansas City Convention Center - Event and Attendance Overview								
Event Type	2008		2009		2010		Average	
	Events	Attendance	Events	Attendance	Events	Attendance	Events	Attendance
Administrative	106	4,174	148	12,876	167	3,448	140	6,833
Banquet & Receptions	68	25,912	84	29,426	69	27,881	74	27,740
Consumer Shows	13	159,813	10	121,830	7	105,472	10	129,038
Conventions w/ Exhibits	15	50,905	16	70,034	19	79,810	17	66,916
Conventions w/o Exhibits	13	48,055	14	75,840	15	117,357	14	80,417
Family Shows	2	31,650	2	24,667	5	22,154	3	26,157
Graduations	-	-	15	46,200	14	50,950	15	48,575
Meetings & Seminars	50	28,259	47	32,843	38	16,649	45	25,917
Other	36	64,330	4	534	5	25,758	15	30,207
Performing Arts	26	217,002	30	185,247	24	78,188	27	160,146
Sporting Events	36	91,152	47	45,730	42	64,320	42	67,067
Tradeshows	3	8,088	3	6,216	4	1,100	3	5,135
Total	368	729,340	420	651,443	409	593,087	-	-

Source: Kansas City CVA, HSP

With the exclusion of administrative events (typically in-house meetings and events), banquets and receptions are the most common event-type at the KCCC, averaging more than 74 annually. Meetings and seminars accounted for an average of 45 events while conventions (both with and without exhibits) comprised an average of 31 events. Within the KCCC, conventions attracted the greatest number of attendees, 167,000 annually, followed by consumer shows with 130,000 annual attendees.

The surrounding entertainment facilities attracted 42 sporting events and 27 performing arts events. These two event types attract an average of 227,000 annually to the complex. Additional meetings and banquets are also held within these two venues when space at the KCCC is not available.

In addition to the convention center, the new Sprint Center arena is located just three blocks from the convention center, with the new Power & Light District in between the two. The Sprint Center seats up to 19,200 for concerts and despite not hosting an NBA or NHL team, has been one of the most productive arenas in the country, generating significant group business for the city, including Big 12 tournaments and NCAA first and second round games.

The Power & Light District is a restaurant, retail and entertainment focused public-private development by the Cordish Company that aimed to breathe life back into the downtown core. With dozens of food and beverage outlets and retail stores, including a grocery, the project has helped transform the downtown to an area that groups now are attracted to. The city has put the primary ingredients together for a successful meeting destination (improved convention center, entertainment, retail and restaurants), save for its hotel package. The community continues to struggle to fund a large convention hotel that would allow larger groups to use the KCCC. However, with its other amenities, it is an example of the success that the walk-able, restaurant/retail environment can bring.

Lake of the Ozarks, Missouri

The Lake of the Ozarks region is a collection of towns and communities surrounding the man-made lakes located in central Missouri. These communities are traditionally identified as summer resorts that attract a large number of tourists, mostly during the summer and fall months. Osage Beach serves as the largest community in the region. The area features two large hotel resorts that have developed over the past several decades, both with significant meeting, ballroom and exhibit space: Tan-Tar-A and Lodge of the Four Seasons. The 870-room Tan-Tar-A features a 30,000-square-foot exhibit hall and a 23,000-square-foot ballroom. Lodge of the Four Seasons is a 301-room hotel that features a 20,000-square-foot exhibit hall and a 9,000-square-foot ballroom. Both are quite a bit older than most of the hotels and meeting facilities in the competitive set.

While the area and facilities are strengthened by their outdoor activities and generally central location in the state, these activities are limited to the warm months. Otherwise, the appeal of the area is limited during cold months, as there are few attractions beyond the hotels.

According to the CVB, the hotel market segmentation is as follows:

- Group: 70 percent
- Leisure: 14 percent
- Commercial Transient: 6 percent

Even if occupancy at the hotels is 33 percent annually, the implied group room nights is approximately 100,000.

Overland Park, Kansas

Overland Park, Kansas is the second largest city in Kansas (after Wichita) and is located on the eastern border of the state, serving as the largest suburb of Kansas City. The city has consistently been ranked near the top of a variety of quality-of-life and livable cities rankings in the United States.

Overland Park is home to a number of corporate headquarters, highlighted by three Fortune 500 companies, Sprint, TRC Worldwide and Embark. The city is also home to the Oak Park Mall, the

largest shopping mall in Kansas and Missouri as well as the Overland Park Arboretum and Botanical Gardens.

The city has demonstrated the ability to attract a large number of youth and traveling sport tournaments and events. The Overland Park Convention Center, opened approximately ten years ago, features 58,000 square feet of exhibit space and a 25,000-square-foot ballroom. It also includes the 412-room Sheraton Overland Park as part of the same complex. The community also is home to one of the largest outdoor soccer facilities in the country, the Overland Park Soccer Complex.

The table below shows an overview of the number of events and attendees held in 2010 at the Overland Park Convention Center.

Table 6-5

Overland Park Historical Convention Market - Overview	
	2010
Events	285
Attendance	251,021
Room Nights Generated	40,417
Source: Global Spectrum, HSP	

As shown, the Overland Park Convention Center attracted 285 events in 2010, resulting in more than 250,000 attendees and more than 40,000 rooms nights generated.

The table below provides a breakdown of each type of event held at the Overland Park Convention Center in 2010.

Table 6-6

Overland Park Convention Market - Event Type	
	2010
Conventions	9
Consumer Shows	20
Trade Show	26
Meetings	128
Banquets	63
Sporting Events	0
Other	40
Total	285
Source: Global Spectrum, HSP	

Like in most facilities, there are more small events than large events. In Overland Park, meetings accounted for approximately 45 percent of all events. Banquets comprised 22 percent of total event

while other events, which traditionally include in-house staff meetings and other events such as graduations and blood drives, accounted for 14 percent of all events.

Rogers, Arkansas

Rogers, Arkansas, is located in northwest Arkansas, approximately 100 miles southwest of Springfield. Rogers is part of the cluster of cities making up the Northwest Arkansas market, including Bentonville, Springdale and Fayetteville. Bentonville is home to Wal-Mart's world headquarters, with 16,000 local employees and many events created by the company's activities. Tyson Foods and JB Hunt trucking are also headquartered in the area and Fayetteville is home to the University of Arkansas, with more than 21,000 students. It had the fastest growth rate of the set, at 24 percent, during the past ten years. This caused its MSA population to overtake that of Springfield, which also had a strong growth rate of 15 percent.

The area's closest airport is the Northwest Arkansas Regional Airport, located in nearby Fayetteville, Arkansas, with many flights for a market its size, due to the activity associated with Wal-Mart. The largest meeting facility is the 400-room Embassy Suites and Convention Center in Rogers (with 72,000-square feet of ballroom and exhibit space), which is very near a relatively new outdoor mall, Pinnacle Hills Promenade, which provides a number of restaurant options.

In 2010, the hotel market had an average daily rate of \$92 and occupancy of 51 percent. In 2008, the market had been much stronger, with an ADR of more than \$100 and occupancy of 57 percent. The number of events, attendees and room nights from those groups was not available, due to the private nature of the facility. However, making an assumption that the Embassy Suites has an occupancy of 65 percent annually, with group segmentation of 40 percent, the hotel and convention facility is estimated to generate approximately 38,000 group room nights annually.

St. Charles, Missouri

St. Charles, Missouri is located along the Missouri River in eastern Missouri, northwest of St. Louis near the St. Louis Airport. The city has been characterized by its substantial growth in the past 20 years.

The city is most notable for playing a role in America's westward expansion. St. Charles is identified as the third oldest city west of the Mississippi, has a thriving preserved historic downtown and served as the last civilized city for the Lewis and Clark expedition prior to their journey west. St. Charles also served as Missouri's first capitol. These elements have established the city as an attractive destination for American and Missouri historical tourists, most notably along the historic riverfront and Main Street.

The city is home to the Ameristar Casino Resort and Spa and features the St. Charles Convention Center and Embassy Suites Hotel, opened in 2005. The convention center has nearly 28,000 square feet of exhibit space that can be combined with its largest ballroom of 16,000 square feet to offer a total of 44,000 square feet of contiguous space. It is attached to the 296-room Embassy Suites

Hotel. The primary weakness of the present situation is a lack of quality hotel rooms in close proximity to the convention center.

The table below shows an overview of the number of events and attendees held in 2010 at the St. Charles Convention Center.

Table 6-7

St. Charles Historical Convention Market - Overview	
	2010
Events	305
Attendance	243,361
Room Nights Generated	20,943
Source: Global Spectrum, HSP	

As shown, the St. Charles Convention Center attracted more than 300 events in 2010. These events drew more than 240,000 attendees while generating more than 20,000 room nights in the local hotel market.

The table below provides a breakdown of each type of event held at the St. Charles Convention Center in 2010.

Table 6-8

St. Charles Convention Market - Event Type	
	2010
Conventions	12
Consumer Shows	29
Trade Show	27
Meetings	151
Banquets	61
Sporting Events	0
Other	25
Total	305
Source: Global Spectrum, HSP	

Meetings made up the greatest number of events at the facility, nearly 50 percent. Banquets accounted for 20 percent of all events at the venue, while trade shows and consumer shows comprised ten percent, each.

St. Louis, Missouri

St. Louis is the second largest city in Missouri, yet features the largest metropolitan area in the state. It is located along the Mississippi River along the state's eastern border with Illinois. The city

is a major regional center of business, arts, culture and entertainment. It is home to America's Center with 485,000 square feet of exhibit space, which is expandable to 600,000 square feet when including the adjacent floor of the Edward Jones Dome. This is the largest facility in the competitive set. St. Louis' hotel package is also the largest in the competitive set, highlighted by the 1,073-room Renaissance Grand and Suites hotel.

St. Louis is known as a strong union city and the related work rules have turned off some events that either prefer not to pay the rates or endure these work rules. Suburban St. Charles and others have capitalized on this weakness by playing up their low-cost, low-hassle environments. Air service is inexpensive, but there is no hub airline, so access can be an issue for some larger groups.

The table below shows an overview of the number of events and attendees held annually at the America's Center.

Table 6-9

St. Louis Convention Market - Overview				
	2008	2009	2010	Average
Events	190	148	186	175
Attendance	1,185,944	1,224,772	1,314,024	1,241,580
Room Nights	214,825	228,633	215,303	219,587
Source: Kansas City CVB, HSP				

As the table shows, the America's Center attracted an average of 175 events over the past three years. On average, the facility attracted more than 1.2 million attendees annually, generating more than 200,000 room nights for the local hotel market. The facility also benefits from the adjacent Edward Jones Dome as the Center traditionally acts as an ancillary meeting space for larger events, especially St. Louis Rams football games and other large sporting events.

The table below provides a breakdown of each type of event held at the America's Center, sans NFL events.

Table 6-10

St. Louis America's Center - Event and Attendance Overview								
Event Type	2008		2009		2010		Average	
	Events	Attendance	Events	Attendance	Events	Attendance	Events	Attendance
Convention	43	155,885	20	164,070	21	158,805	28	159,587
Conference	6	3,310	7	8,050	3	3,170	5	4,843
Convention/Trade Show	4	29,700	6	13,050	3	12,400	4	18,383
Dance Recital	1	1,100	1	1,000	1	800	1	967
Food/Beverage	43	28,435	30	21,760	28	16,932	34	22,376
Graduation	2	7,900	1	1,400	5	4,300	3	4,533
Job/Career Fair	5	11,000	2	10,500	-	-	4	10,750
Meeting	43	1,974	33	8,862	77	11,065	51	7,300
New Product	-	-	1	2,000	1	12	1	1,006
Public - Free	1	10,000	-	-	1	500	1	5,250
Public - Registration	2	30,000	2	30,000	2	30,000	2	30,000
Public - Ticketed	21	869,000	23	838,000	22	917,000	22	874,667
Sporting Event	6	10,630	11	121,080	7	147,700	8	93,137
Seminar	1	400	1	400	1	350	1	383
Site/Planning Visit	2	90	-	-	1	600	2	345
Trade Show	1	5,000	-	-	1	600	1	2,800
Tournament	-	-	-	-	1	3,000	1	3,000
Training	1	200	-	-	-	-	1	200
Other	8	21,320	10	4,600	11	6,790	10	10,903
Total	190	1,185,944	148	1,224,772	186	1,314,024	175	1,250,430

St. Louis CVB, HSP

As shown, meetings serve as the most common event at the America's Center, accounting for nearly 30 percent of all events on average. Food and Beverage events (wedding, receptions, etc.) are the next most common event, with 34 booked annually. Conventions and publicly ticketed events such as consumer shows, accounted for 16 percent and 13 percent, respectively. In terms of attendance, publicly ticketed events attracted an average of nearly 900,000 visitors per year. Convention and Sporting Events attracted the next highest number of attendees, attracting 160,000 and 93,000, respectively.

Convention Market Overview

Although the competitive facilities are of varying size and quality and communities large and small, each has directly competed with the Springfield Expo Center at some point. An overview analysis of these venues will provide a better understanding of each venue's operations.

The following table provides an overview of each venue's performance in 2010.

Table 6-11

Competitive Set Comparison Overview - 2010							
Market	Events	Events per 10,000 SF of Exhibit Space	Attendance	Avg. Attendance per Event	Attendees per Square Foot of Exhibit Space	Room Nights Generated	Room Nights per Square Foot of Exhibit Space
St. Louis, MO	178	3	793,204	4,456	1.3	219,587	0.37
Kansas City, MO	409	11	593,087	1,450	1.5	211,250	0.54
Overland Park, KS	285	49	251,021	881	4.3	40,417	0.70
St. Charles, MO	305	109	243,361	798	8.7	20,943	0.75
Branson, MO	248	26	187,645	757	2.0	n/a	--
Average	312	12	318,779	1,023	1.8	90,870	0.46
Springfield Expo Center	37	4	59,095	1,597	0.6	3,901	0.04

Source, HSP

An average number of 312 events were held by the competitive market's convention centers, attracting nearly 320,000 attendees and generating more than 90,000 room nights in 2010. Kansas City attracted the greatest number of events, 409, while St. Louis' America's Center attracted the greatest number of attendees and room nights with 793,000 and 220,000, respectively. In terms of events per 10,000 square feet of space, there was a wide range of activity, from 3 and 4 events in St. Louis and Springfield (St. Louis includes the Dome space in their exhibit space total, bringing their figure lower) to 109 events per 10,000 square feet in St. Charles. Attendance per event ranges from 757 in Branson to 4,456 in St. Louis. Attendance per square foot of exhibit space is highest in St. Charles and lowest in Springfield. Room nights per square foot of exhibit space is highest in St. Charles and Overland Park and lowest in Springfield. Springfield's total room nights per square foot is less than one-tenth of the average of the competitive cities.

As the table illustrates, the Springfield Expo Center does not approach the level of operation of these competitive markets, attracting only 37 events and 3,900 room nights in 2010. With an improved facility and hotel package, the room nights generated should approach at least 25,000.

The table below provides an overview of event breakdown by within each convention center in 2010.

Table 6-12

Competitive Set Event Breakdown - 2010								
Market	Conventions	Consumer Shows	Trade Show	Meetings	Banquets	Sporting Events	Other	Total
St. Louis, MO	21	14	5	51	34	8	45	178
Kansas City, MO	31	10	3	45	74	42	204	409
Overland Park, KS	9	20	26	128	63	0	40	285
St. Charles, MO	12	29	27	151	61	0	25	305
Branson, MO	n/a	n/a	n/a	n/a	n/a	n/a	n/a	248
Average	18	18	15	94	58	13	78	285
Average Percent of Total	6.4%	6.4%	5.3%	32.9%	20.3%	4.4%	27.5%	100.0%

Source, HSP

Across each convention center, meetings were the most common events, accounting for an average of 33 percent of total events. Banquets accounted for more than 20 percent of events, on average while Consumer Shows, Conventions and Trade Shows comprised 7.2 percent, 6.5 percent and 5.4 percent, respectively.

The competitive market has demonstrated the importance of hosting smaller venue rentals, such as meetings and banquets, to comprise a significant portion of each venue's event schedule. On average, these two event types account for more than 54 percent of all events. Not only do these small events fill the venue's calendar, they also provide scheduling options that are low-cost and require minimal management by the venue's staff. While conventions, trade shows and consumer shows serve as the anchor events of these facilities, it is evident that these smaller rentals are necessary to maintain the venue's operation.

Competitive Cities Hotel Market Overview

Each competitive market's hotel market is a significant factor in a convention center's ability to attract and support events. The table below shows an overview of the competitive set of hotels in each market (ie, does not include older, economy or limited service hotels).

Table 6-13

Convention Market Hotel Statistics						
Convention Market	2008		2009		2010	
	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy
Branson, MO	\$ 128.89	54.6%	\$ 127.07	50.2%	\$ 126.82	53.1%
Jefferson City, MO	\$ 78.95	59.6%	\$ 81.39	59.6%	\$ 83.95	52.5%
Joplin, MO	\$ 72.80	62.0%	\$ 72.73	56.8%	\$ 75.54	58.7%
Rogers, AR	\$ 105.63	57.2%	\$ 93.92	50.1%	\$ 92.30	50.7%
St. Charles, MO	\$ 96.00	67.7%	\$ 88.49	61.2%	\$ 84.19	64.2%
St. Louis, MO	n/a	n/a	\$ 102.42	52.3%	\$ 104.84	50.1%
Kansas City, MO	\$ 116.30	56.0%	\$ 101.30	50.1%	\$ 103.21	45.4%
Columbia, MO	\$ 77.86	64.4%	\$ 78.12	63.1%	\$ 77.40	64.5%
Lake of the Ozarks, MO*	\$ 123.00	55.0%	\$ 120.00	55.0%	\$ 119.00	55.0%
Average	\$ 99.93	59.6%	\$ 96.16	55.4%	\$ 96.36	54.9%
Springfield, MO	\$ 92.19	57.8%	\$ 89.04	52.6%	\$ 86.97	57.7%

*Tan-Tar-A Resort and Lodge of the Four Seasons

Source: John Q. Hammons, Smith Travel Research, HSP

On average, ADR in each competitive market was approximately \$96 in 2010 while occupancy ranged between 50 percent and 64 percent. Springfield's competitive group hotel market has an ADR nearly \$10 less than the competitive cities, but occupancy several points higher. This suggests that in many cases, Springfield can compete on price without lowering its overall ADR.

Competitive Cities Overview

Each competitive city or venue presented above provides unique convention and meeting opportunities for event planners as well as other amenities that planners find attractive. HSP has chosen a variety of competitive factors that influence meeting and event planner destination choices and discusses Springfield in the context of its competitors.

Population

Although populations do not directly impact the appeal of a convention city, the size of these communities can provide insight into the presence of local business and associations that require meeting spaces. A community that is not able to satisfy the meeting and event needs of the local population may push events to other communities. In addition, a large population base can also signify additional community resources available to support facility financing.

The following table shows the population figures for competitive cities.

Table 6-14

Competitive City Population (Ranked by City Limit Population)							
City Limit Rank	MSA Rank	City	2010 City Population	2000 MSA Population	2010 MSA Population	Percent Change	Media Market Population
1	3	Kansas City, MO	459,787	1,842,924	2,035,334	9.5%	2,396,348
2	1	St. Louis, MO	319,294	2,701,634	2,812,896	4.0%	3,187,637
3	3	Overland Park, KS	173,372	1,842,924	2,035,334	9.5%	2,396,348
5	9	Lake of the Ozarks, MO*	149,807	140,320	149,807	6.3%	457,512
6	8	Columbia, MO	108,500	146,026	172,786	15.5%	457,512
7	11	St. Joseph, MO	78,780	123,967	127,329	2.6%	123,829
8	1	St. Charles, MO	65,794	2,701,634	2,812,896	4.0%	3,187,637
9	5	Rogers, AR	55,964	349,562	463,204	24.5%	784,572
10	7	Joplin, MO	50,150	157,322	175,518	10.4%	401,794
11	9	Jefferson City, MO	41,297	140,320	149,807	6.3%	457,512
12	12	Branson, MO	10,930	68,677	79,447	13.6%	1,049,325
Average			137,607	928,665	1,001,305	9.6%	1,354,548
4	6	Springfield, MO	159,498	369,775	436,712	15.3%	1,049,325

*Jefferson City MSA
Source: US Census, HSP, Sales & Marketing Management Survey of Buying Power

As shown, Springfield is ranked as the fourth most populated city in terms of city-limits population and is the most populated city outside of the Kansas City and St. Louis metropolitan areas. Springfield has also experienced the third-highest growth percentage from 2000 to 2010. Springfield's media market, which includes Branson, is the third largest of the competitive cities, behind St. Louis and Kansas City.

Effective Buying Income

Effective Buying Income (EBI) is defined as personal income less all payments to the government. An analysis of each competitive city's EBI offers insight into the affluence of these communities, which can provide an indication of the community's ability to support hotels and event facilities via local events.

The following table shows the median household EBI for the competitive cities.

Table 6-15

Competitive City EBI - 2009		
Rank	City	Median EBI
1	Overland Park, KS	\$ 57,132
2	St. Charles, MO	\$ 44,463
3	Rogers, AR	\$ 40,940
4	Jefferson City, MO	\$ 36,976
5	Kansas City, MO	\$ 36,649
6	Columbia, MO	\$ 34,332
7	Lake of the Ozarks, MO	\$ 32,944
8	St. Joseph, MO	\$ 32,766
9	Branson, MO	\$ 32,577
10	Joplin, MO	\$ 31,925
12	St. Louis, MO	\$ 28,457
Average		\$ 37,196
11	Springfield, MO	\$ 29,233

Source: Survey of Buying Power

Springfield ranks near the bottom (11th) in terms of median EBI. This indicates that Springfield may have less of an ability to support the number of events per capita than the other cities. It may also indicate because it is a college-oriented city, that the low income levels of the students may pull the median EBI down. However, it is still \$5,000 lower than Columbia, an even more college-centric community.

Crime

Crime can play a significant role in both the safety of visitors and (more importantly to the travel and convention industry) an outsider's perception of a city. Whether truly relevant or not, these perceptions play a significant role in an event planner's selection of a meeting destination. The HSP team identified actual crime statistics to provide context to the relative safety of each competitive city.

The following table displays crime statistics for competitive cities, ranked from the greatest number of incidences per 1,000 people to the least.

Table 6-16

Competitive Cities - Crime Statistics - 2009 (Ranked by violent crimes per 1,000)															
Rank	City	Population	Violent per 1,000	Total Per 1,000	Total Crimes	Violent	Murder	Rape	Robbery	Assault	Property	Burglary	Larceny	Vehicle Theft	Arson*
1	St. Louis, MO	319,294	23.0	232	74,152	7,353	143	250	2,721	4,239	29,595	6,834	17,799	4,962	256
2	Kansas City, MO	459,787	13.7	144	66,293	6,303	100	276	1,970	3,957	26,695	7,231	15,937	3,527	297
3	Branson, MO	10,930	10.2	190	2,081	112	-	1	9	102	928	116	797	15	1
4	Joplin, MO	50,150	8.4	86	4,306	419	4	54	95	266	3,887	733	2,877	277	37
6	Lake of the Ozarks, MO**	4,845	6.0	121	588	29	-	1	2	26	265	19	241	5	0
7	Jefferson City, MO	41,297	5.7	80	3,323	237	2	5	41	189	1,409	218	1,157	34	31
8	St. Joseph, MO	78,780	5.6	108	8,490	441	3	12	109	317	3,794	970	2,639	185	20
9	Columbia, MO	108,500	4.6	81	8,825	501	3	32	157	309	3,906	692	3,082	132	11
10	Rogers, AR	55,964	3.3	84	4,689	183	2	52	17	112	2,160	399	1,684	77	3
11	St. Charles, MO	65,794	2.4	68	4,494	159	-	9	31	119	2,085	270	1,739	76	6
12	Overland Park, KS	173,372	1.8	56	9,651	308	3	28	51	226	4,507	534	3,628	345	21
Average		124,428	11.7	114	16,990	1,459	33	65	473	897	7,203	1,638	4,689	876	62
5	Springfield, MO	159,498	7.5	191	30,498	1,197	6	112	299	780	14,012	2,314	10,859	839	80

* The FBI does not publish arson data unless it receives data from either the agency or the state for all 12 months of the calendar year.

** Osage Beach, MO

Source: FBI, HSP

Springfield has the fifth highest rate of violent crime of the competitive set. Typically, larger cities have higher crime rates, however in this set, Branson has a higher rate, due to the large visitor population compared with the year-round small population of the community.

Transportation

The convention industry is tied closely to the transportation industry. Nearly all significant meeting and convention events require adequate access to the destination city as these events typically attract attendees from a wide geographical distance. The primary mode of transportation is by car, however many also fly.

As it relates to road access, Kansas City/Overland Park and St. Louis/St. Charles are the most accessible destinations, as they are major metropolitan areas located along major interstates, especially I-70, one of the primary east-west U.S. routes. Springfield is the third-largest metro area and is accessible by I-44, making it very accessible by car.

Air service and cost is also a factor planners consider when choosing a meeting or event destination.

The following table shows airport access for the competitive cities.

Table 6-17

Competitive City Air Statistics - 2009					
Access	Price	City	Local Airport	Enplanements	Average Ticket
1	4	St. Louis, MO	Lambert-St. Louis International	6,084,070	\$ 296.70
1	4	St. Charles, MO	Lambert-St. Louis International	6,084,070	\$ 296.70
3	2	Kansas City, MO	Kansas City International	4,894,349	\$ 278.60
3	2	Overland Park, KS	Kansas City International	4,894,349	\$ 278.60
5	8	Rogers, AR	Northwest Arkansas Regional	530,087	\$ 425.73
7	1	Branson, MO	Branson	42,681	\$ 239.13
8	6	Columbia, MO	Columbia Regional	26,842	\$ 383.88
9	9	Joplin, MO	Joplin Regional	3,776	\$ 455.89
10	n/a	St. Joseph, MO	Rosecrans Memorial	209	n/a
11	n/a	Jefferson City, MO	Jefferson City Memorial	2	n/a
12	n/a	Lake of the Ozarks, MO	None	0	n/a
		Average	-	1,647,637	\$ 336.93
6	7	Springfield, MO	Springfield-Branson National	398,025	\$ 386.88

As this table shows, the two major airports in the state are in St. Louis and Kansas City. Each is ranked in the top 30 airports in the nation based on number of people traveling to or through the airports. Each had an average ticket price of under \$300 as of the fourth quarter of 2009. The ticket prices for the two large airports were approximately \$100 lower than the average ticket price from Springfield.

The new Branson Airport, opened in 2009, is another challenge for Springfield. Previously those traveling to Branson would consider using the Springfield-Branson National Airport. The Branson Airport is privately owned and includes AirTran Airways, with flights from Atlanta, and Frontier Airlines, with flights from Denver, serving the airport. AirTran has announced that it is adding service from Baltimore, Chicago-Midway and Houston-Hobby. Overall, Springfield has the sixth best access of the set (behind the Northwest Arkansas Regional Airport) and is among the least affordable, although it is much less expensive than the Northwest Arkansas Regional Airport and Joplin Regional.

Due to the price and access issues presented by the airport, many travelers considering Springfield will opt to either drive from their location or fly to less-expensive St. Louis or Kansas City and drive the rest of the distance. Others with access through Branson, can fly there and make the short drive to Springfield.

Convention Facilities

Convention and meeting destinations compete on a variety of levels, but the threshold question is: can the local facilities accommodate a planner's event? The amount of exhibit, ballroom and meeting space and the hotel package in each location determine the answer to these questions.

Facility Specifications

Meeting space, including exhibit, ballroom, meeting and breakout rooms are all critical factors in a meeting planners selection of a destination city. Each competitive city varies in the size and quality of these spaces. For example, while Springfield has high quality exhibition space, it also has low-quality exhibition space (the former Sears store) and this makes it less competitive. It should be noted that all meeting space within the table are identified as space that is all within one structure.

The table below shows the function space of competitive meeting facilities.

Table 6-18

Exhibit Space Overview - Competitive Cities (Ranked by Total Function Space in Primary Facility)										
Rank	City	Facility	Total Function Space	Exhibit Space	Largest Ballroom	Total Ballroom	Largest Mtg Room	Meeting Space	Breakout Rooms	Misc.
1	St. Louis, MO	America's Center	640,028	485,000	28,416	28,416	15,390	126,612	71	-
2	Kansas City, MO	Kansas City Convention Center	476,932	388,800	46,400	46,400	9,000	41,732	22	24,000 sqft arena
3	Branson, MO	Branson Convention Center	136,601	96,354	22,040	22,040	5,510	18,207	16	-
4	Overland Park, KS	Overland Park Convention Center	97,600	58,494	24,991	24,991	7,354	14,115	7	-
5	Lake of the Ozarks, MO	Tan-Tar-A Resort	83,998	30,000	23,160	28,903	8,800	25,095	22	-
6	Branson, MO	Chateau on the Lake	78,124	31,744	0	0	8,175	46,380	19	-
8	Rogers, AR	Embassy Suites	72,148	0	41,550	63,250	1,200	8,898	15	-
9	St. Charles, MO	St. Charles Convention Center	55,075	27,600	16,200	22,225	1,100	5,250	5	-
10	Joplin, MO	Holiday Inn & Convention Center	40,391	30,000	7,200	7,200	675	3,191	7	-
11	Lake of the Ozarks, MO	Lodge of Four Seasons	38,000	20,000	8,720	8,720	7,200	9,280	4	-
12	St. Joseph, MO	Civic Arena	21,500	17,000	0	0	0	4,500	0	-
13	Columbia, MO	Columbia Expo Center	37,224	18,612	0	0	18,612	18,612	3	-
14	Jefferson City, MO	-	0	0	0	0	0	0	0	-
Average			136,740	92,585	16,821	19,396	6,386	24,759	15	-
7	Springfield, MO	Springfield Expo Center	48,150	44,400	0	0	625	3,750	7	46,700 SF Trade Center

Source: Mpoint

When considering space, much depends on quality. Springfield's Expo Center features 46,700 square feet of space that is not desired by many exhibitors, so this makes comparison difficult. Because the former Sears space has low ceilings and many columns and most of the competitor exhibit spaces have tall ceilings and are generally column-free, only the high-quality space in Springfield has been counted. Based on this, Springfield ranks as the having the fifth most exhibit space amongst its competitive set. On average, Springfield falls behind its competitive set in both meeting space square footage and breakout room availability, ranking last in total meeting room space. In terms of ballroom space, both by the largest ballroom and total amount of space, Springfield ranks last as the Expo Center features no ballroom. This is the most glaring

shortcoming for Springfield. While a ballroom is available across the street and parking lot at the University Plaza, it is not connected to the Expo Center.

When considering total high quality function space at the primary meeting facility, Springfield ranks seventh, a very low ranking considering its population and access attributes.

Proximate Hotel Rooms

As many meeting planners identify the ability to book large blocks of hotel rooms as a significant factor in destination city selection, many competitive meeting facilities have been aggressive in adding new hotels in close proximity to meeting spaces. The number of rooms available within walking distance of a meeting facility is important, however the large blocks of rooms are also important, as planners prefer to deal with as few hotels as possible. A facility with two 500-room hotels is preferable to a facility with ten 100-room hotels.

The following table shows the number of hotel rooms within close proximity (approximately one-quarter to one-third of a mile is considered walkable) of the major meeting facilities in the competitive cities.

Table 6-19

Competitive Cities - Proximate Hotel Rooms						
Rank	City	Facility	Proximate Hotel Rooms*	Largest Hotel in Close Proximity	Individual Hotel Room Count	Rooms Per 1,000 Exhibit Space
1	St. Louis, MO	America's Center	4,522	Renaissance St. Louis Grand & Suites	1,073	9.3
2	Kansas City, MO	Kansas City Convention Center	1,798	Marriott Kansas City Downtown	983	4.6
3	Joplin, MO	Holiday Inn & Convention Center	1,087	Holiday Inn	262	36.2
4	Overland Park, KS	Overland Park Convention Center	917	Sheraton Hotel Overland Park and Conference	412	15.7
5	Lake of the Ozarks, MO	Tan-Tar-A Resort	870	Tan-Tar-A Resort	870	29.0
6	Branson, MO	Hilton Branson Convention Center	536	Hilton Branson Convention Center	294	5.6
7	Columbia, MO	Columbia Expo Center	533	Holiday Inn Select Columbia Executive Center	311	28.6
8	Jefferson City, MO	Downtown/Capitol Area**	406	Capitol Plaza Hotel	255	0.0
9	Rogers, AR	Embassy Suites	400	Embassy Suites Northwest Arkansas	400	9.6
11	St. Charles, MO	St. Charles Convention Center	376	Embassy Suites St. Charles Hotel & Spa	296	13.6
12	Lake of the Ozarks, MO	Lodge of Four Seasons	303	Lodge of Four Seasons	303	15.2
13	Branson, MO	Chateau on the Lake	301	Chateau on the Lake	301	9.5
14	St. Joseph, MO	St. Joseph Civic Arena	169	Holiday Inn St. Joseph Riverfront Historic	169	9.9
Average			940	-	456	14.4
10	Springfield, MO	Springfield Expo Center	391	University Plaza Hotel	271	8.8

*Within one-quarter mile of facility

**Destination area, no specific facility

Source: STR

Springfield ranks tenth on the list, with 391 rooms within easy walking distance of the Expo Center. When considering rooms per 1,000 square feet of exhibit space, Springfield has 8.8 rooms; about six rooms per thousand square feet of exhibit space less than the average of the set. (If the old Sears space were counted, this metric would be even more unfavorable to Springfield). To just be average in this group, the City would need to add approximately 200 rooms in close proximity to

the Expo Center. In terms of the largest hotel, the University Plaza with 271 rooms is smaller than all but three of the largest hotels in the competitor cities.

Renovations and Expansions

Many of the competitive destinations have invested money to improve their facilities and improve the competitiveness of their destinations. The following table summarizes the recently completed or planned expansions or renovation projects for the facilities in the set of competitive cities.

Table 6-20

Competitive Cities - Expansion and Renovations Overview						
City	Facility	CC or Hotel Development Planned	Details	Date Completed	HQ Hotel Development	Date Opened or Expected
Branson, MO	Hilton Branson Convention Center	No	Opened	2007	Hilton Branson Convention Center (294 Rooms)	2007
Columbia, MO	Columbia Expo Center	No	-	-	-	-
Jefferson City, MO	Jefferson City Conference Center	Yes	Passed Funding for Convention Center	2013	New facility includes hotel	
Joplin, MO	Holiday Inn & Convention Center	No	-	-	-	-
Kansas City, MO	Kansas City Convention Center	Yes	Added 40,500 square foot Ballroom, \$125 million cost; \$25 million in general renovations	2007	New 1,000-room Convention Hotel under Consideration	2013
Lake of the Ozarks, MO	Lodge of Four Seasons	No	20,000 square foot exhibit hall	2008	-	-
Lake of the Ozarks, MO	Tan-Tar-A Resort	No	-	-	-	-
Overland Park, KS	Overland Park Convention Center	No	Opened	2002	Renovated Sheraton Hotel (412 Rooms)	2008
Rogers, AR	Embassy Suites & Convention Center	No	Opened	2003	Hotel expanded to 400 Rooms	2007
St. Charles, MO	St. Charles Convention Center	No	Opened	2005	Embassy Suites Hotel (296 Rooms)	2005
St. Joseph, MO	Civic Arena	Yes	Proposed 35,000 square foot convention center	TBD	Proposed 200-room hotel	TBD
St. Louis, MO	America's Center	No	Edward Jones Dome added	1995	Renaissance & Suites (1,073 Rooms)	2001
Springfield, MO	Springfield Expo Center	TBD				

Source: HSP

As shown, nearly all of the competitive cities have built, expanded or renovated their primary meeting facility and primary hotel in the past five to six years. Three communities are planning major improvements: Kansas City, Jefferson City and St. Joseph.

Local Entertainment

As many large conventions and meetings attract non-local visitors, these attendees seek dining and entertainment options while in the destination city. Event planners have identified the availability of

these districts as attractive elements in destination city selection. Although each meeting will vary in attendee taste and willingness to spend for dining and entertainment, the availability of these districts typically serve as a supplemental attractor to potential visitors. The development of these areas also allow for additional programming opportunities for event planners outside of the convention space and hotels.

The next table shows the location of the nearest entertainment or restaurant district to the destination facilities in competitive cities.

Table 6-21

Competitive Cities - Restaurant and Entertainment Districts				
Rank	City	Facility	District Name	Distance (miles)
1	Branson, MO	Hilton Branson Convention Center	Branson Landing	0.0
2	St. Joseph, MO	St. Joseph Civic Arena	Felix Street	0.1
3	Kansas City, MO	Kansas City Convention Center	Power & Light District	0.2
4	St. Louis, MO	America's Center	Laclede's Landing	0.3
6	St. Charles, MO	St. Charles Convention Center	Historic Main Street	1.3
7	Rogers, AR	Rogers, AR	Pinnacle Hills Promenade	1.6
8	Columbia, MO	Columbia Expo Center	The District	3.5
9	Joplin, MO	Holiday Inn & Convention Center	Downtown Joplin	4.5
10	Overland Park, KS	Overland Park Convention Center	Downtown Overland Park	4.9
	-	Average	-	1.8
5	Springfield, MO	Springfield Expo Center	Downtown Springfield	0.3

Source: HSP

Downtown Springfield is approximately one-third of a mile from the Expo Center, which is not beyond walking or easy driving distance, although visually it is not easy to connect the two if one is a first-time visitor. Other competitive cities have entertainment districts that are about as close to their convention center, such as Laclede's Landing in St. Louis. The Power & Light District in Kansas City is a model example as the district is essentially right outside the doors of the convention center. The smaller cities of Columbia and St. Charles, as well as Rogers, Arkansas, have entertainment districts that are far enough away to require transportation. Springfield has an advantage over these cities in the proximity of its downtown and could capitalize on this fact.

CVB Budget

The Springfield CVB tracks the budgets of numerous other CVBs in the region, including most of the competitive set. This data provides insight into the financial resources available to comparable markets for the marketing of their convention facilities.

The results are shown in the table below.

Table 6-22

Comparison of Midwest Convention and Visitors Bureaus

Comparable Midwest Cities	Staff Full-Time Equivalents	2008 Budget or Most Current	Number of Hotel Rooms	Bureau Budget per Hotel Room	Convention Center	Room Tax	Restaurant Tax	Total Tax on Hotel Room
Branson, MO ⁽¹⁾	35	\$7,800,000	18,808	\$415	Yes	4.00%	0.50%	11.600%
Cape Girardeau, MO	4	\$602,800	900	\$670	Yes	4.00%	1.00%	11.975%
Columbia, MO	8	\$1,645,250	3,600	\$457	No	4.00%	0.00%	11.550%
Des Moines, IA	24	\$3,200,000	10,000	\$320	Yes	7.00%	0.00%	12.000%
Jefferson City, MO	5	\$655,474	1,366	\$480	No	3.00%	0.00%	10.725%
Joplin, MO	4	\$1,000,000	2,200	\$455	No	4.00%	0.00%	11.525%
Lake of the Ozarks, MO ⁽²⁾	9	\$1,953,000	7,760	\$252	No	3.00%	0.00%	10.750%
Omaha, NE	17	\$3,000,000	8,277	\$362	Yes	5.50%	0.00%	18.160%
Overland Park, KS	12	\$1,700,000	5,209	\$326	Yes	9.00%	0.00%	16.580%
St. Charles, MO	11	\$2,671,000	2,400	\$1,113	Yes	5.96%	1.00%	14.360%
St. Joseph, MO	8	\$1,200,000	1,120	\$1,071	No	3.00%	0.00%	10.775%
Springfield, IL	19	\$3,100,000	4,200	\$738	Yes	6.00%	0.00%	12.000%
Topeka, KS	7	\$1,004,625	3,000	\$335	Yes	6.00%	0.00%	13.950%
Wichita, KS	18	\$2,121,000	8,019	\$265	Yes	6.00%	0.00%	13.300%
Average	12.9	\$2,260,939	5,490	\$518	Yes - 10 No - 5	5.03%	0.18%	12.804%
Springfield, MO ⁽³⁾	18	\$2,967,765	6,103	\$486	Yes	5.00%	0.00%	13.290%

(1) The total tax on a hotel room in Branson Landing is 12.6% due to a 1% CID.

(2) The total tax on a hotel room at Lake of the Ozarks varies by country from 9.75% to 10.75% The most prevalent is used.

(3) The total tax on a hotel room at University Plaza is 16.42% due to a 3% CID.

Source: Springfield CVB

As shown, the budget and staff sizes vary considerably amongst the group, from four full-time equivalent staff members in Joplin and Cape Girardeau to 35 in Branson. Springfield is a larger market than many on the list and its budget is also larger. However, its budget per hotel room is lower than the average of the group. Hotel and restaurant taxes are not significant in any of the communities except Omaha and Overland Park.

The table below shows in more detail the Springfield CVB budget.

Table 6-23

Springfield Convention and Visitors Bureau			
Annual Budget Overview			
Account	FY 09/10	FY 10/11	Difference
REVENUE			
<u>Revenue</u>			
Room Tax	\$ 1,571,000	\$ 1,644,500	4.7%
Interest Earnings	6,500	8,500	30.8%
Advertising Revenues	366,600	342,000	-6.7%
Co-op Revenue	962,250	909,365	-5.5%
Partnership Revenue	17,500	18,500	5.7%
Miscellaneous Revenue	63,100	44,900	-28.8%
Total Revenue	\$ 2,986,950	\$ 2,967,765	-0.6%
Fund Balance Transfer	\$ (18,880)	\$ -	-100.0%
Grand Total Revenue	\$ 2,968,070	\$ 2,967,765	0.0%
EXPENSES			
Total Payroll	\$ 958,825	\$ 1,027,845	7.2%
Total Administrative	\$ 259,230	\$ 262,340	1.2%
Total Advertising	\$ 1,476,235	\$ 1,347,605	-8.7%
<u>Travel</u>	\$ 28,070	\$ 21,560	-23.2%
Total Other Marketing	\$ 130,390	\$ 226,725	73.9%
Total Convention Services	\$ 64,120	\$ 60,120	-6.2%
<u>Contingency</u>	\$ 6,000	\$ 4,800	-20.0%
Total Capital Expenses	\$ 45,200	\$ 16,770	-62.9%
Grand Total Expenses	\$ 2,968,070	\$ 2,967,765	0.0%
Source: Springfield CVB, HSP			

As shown, of the CVB's total revenue of nearly \$3 million, just over half comes from room tax. The other primary sources are advertising and co-op revenues. This suggests the CVB is leveraging its position to generate more revenue and benefiting members at the same time. The primary expenses for the CVB are in advertising and marketing (more than half of expenses). Payroll is the second largest item, accounting for one-third of expenditures.

It should be noted that due to the proposed enhancement of the local convention offerings, it is recommended that the CVB's budget remain stable or even increased. In HSP's experience a strong convention market relies on three factors: meeting facilities, hotels and marketing. If facilities are built and the marketing is not there to support it, the facilities cannot be optimized. Therefore, adequate financial resources will be needed for the marketing of these new amenities to increase regional awareness of Springfield's new convention offerings.

Implications

Overall, the threshold issues of facilities and hotels to serve meetings and events are the critical factors for success and in these measures, Springfield falls very short of even its smaller competitors. The Expo Center's lack of a ballroom and very little breakout meeting space hurts its ability to host events. The University Plaza Hotel and Convention Center helps the situation somewhat, but it also lacks meeting space and is not connected to the Expo Center, which is a hindrance to meeting and event planning. The hotel block within proximate walking distance of the Expo Center also puts Springfield at the back of the competitive pack, with less than 400 rooms. Together, these issues make it hard for Springfield to lure groups.

In addition to the facilities issues, Springfield competes in terms of local area population, air and road access, dining and entertainment options, earning power and crime. The community is generally in the top one-third or the middle of the competitive set in accessibility, population and dining/entertainment options, but is hurt by the cost of air travel, which is among the highest; crime, which is among the highest, and earning power, which is among the lowest. Overall it can improve the threshold issues: facilities and hotels. This will allow it to compete much more effectively against the competitive set.

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MEETING PLANNER SURVEY

Hunden Partners conducted a meeting planner survey and sent it to more than 300 planners throughout the state of Missouri and beyond. The Springfield CVB provided these names and contact information due to its large database of local and regional market planners. The CVB has developed this database through a range of data collection and interaction with these individuals. As a result, the HSP team felt these planners would provide the best representation of the needs and wants of the local meeting planner market.

Typically, a survey yields a five percent return rate, but in this case, more than 40 surveys were returned completed, a response rate of nearly 15 percent. While the results are not scientific, they do provide insight into meeting planner thoughts about Springfield and its competition. The results are presented below.

The first table shows the responses by type of organization.

Table 7-1

Survey Responses by Type of Organization		
Organization	Response Percent	Response Count
Association	45.5%	20
Religious	15.9%	7
Government Agency	11.4%	5
Trade Organization	9.1%	4
Corporation	6.8%	3
Social	2.3%	1
Military	2.3%	1
Educational	2.3%	1
Sports/Athletics	0.0%	0
Fraternal	0.0%	0
No Response	4.5%	2
Total	100.0%	44
Source: HSP		

As shown, nearly half of the respondents were from association planners, followed by religious meeting planners, government agencies and trade organizations. Corporate and most of the SMERF (Social, Military, Educational, Religious, Fraternal) categories were not well represented.

The next table shows the average attendance by events planned by the respondents.

Table 7-2

Average Attendance at Meetings Planned										Total
	Less than 250	250	500	750	1,000	1,001 - 1,500	1,501 - 3,500	3,501 - 6,000	6,000+	
Event 1	5	8	8	5	4	6	3	1	2	42
Event 2	4	2	1	0	0	0	1	0	1	9
Event 3	3	1	0	1	0	0	0	0	1	6
Total	12	11	9	6	4	6	4	1	5	58

Source: HSP

Of the 58 events planned by the 44 respondents, nearly half had 250 attendees or less. Only one quarter included more than 1,000 attendees. Overall, this suggests that major facilities are not necessary to support the majority of potential events for these respondents.

The next table shows the meeting frequency of planned events.

Table 7-3

Meeting Frequency					Total
	Quarterly	Semi-Annually	Annually	Bi-Annually	
Event 1	1	0	34	3	38
Event 2	1	0	6	1	8
Event 3	0	0	4	1	5
Event 4	0	0	1	0	1
Total	2	0	45	5	52

Source: HSP

Of the responses, nearly all planned just one annual event.

The next table shows the exhibit space required for the events planned.

Table 7-4

Exhibit Space Needed (Square Feet)							
	5,000 or less	5,001 - 10,000	10,001 - 20,000	20,001 - 40,000	40,001 - 100,000	100,001 - 200,000	Total
Event 1	7	9	4	6	3	2	31
Event 2	1	0	1	0	2	0	4
Event 3	0	0	2	0	0	1	3
Event 4	0	0	0	0	0	1	1
Event 5	0	0	0	0	0	0	0
Total	8	9	7	6	5	4	39
% of Total	21%	23%	18%	15%	13%	10%	100%

Source: HSP

Currently Springfield has 44,000 square feet of high quality exhibit space and this serves more than 75 percent of the needs of the groups surveyed. This suggests that additional exhibit space may not be an immediately necessary investment.

The next table shows the responses related to ballroom needs.

Table 7-5

Ballroom Space Required (Square Feet)									
	2,500 or less	2,501- 7,500	7,501- 10,000	10,001- 15,000	15,001- 20,000	20,001- 30,000	30,001- 40,000	40,000+	Total
Event 1	6	6	7	4	0	5	1	2	31
Event 2	1	1	1	0	0	1	0	0	4
Event 3	0	2	0	0	1	1	0	0	4
Event 4	0	1	0	0	0	0	0	0	1
Event 5	0	0	0	0	0	0	0	0	0
Total	7	10	8	4	1	7	1	2	40
% of Total	18%	25%	20%	10%	3%	18%	3%	5%	100%

Source: HSP

With no ballroom, the Springfield Expo Center is unable to service these group's ballroom needs. A ballroom of even 10,000 square feet would serve more than 60 percent of the groups surveyed. A 20,000 square foot ballroom would serve more than 75 percent of the groups surveyed.

The next table shows the results regarding the meeting rooms needed.

Table 7-6

Meeting Rooms Needed						
Rooms	2 - 4	6 - 10	11 - 20	21 - 30	31 - 40	Total
Est. Max. Square Feet	3,200	8,000	16,000	24,000	32,000	
Event 1	9	9	10	2	1	31
Event 2	2	1	2	0	0	5
Event 3	1	0	3	0	0	4
Event 4	0	0	1	0	0	1
Event 5	0	0	0	0	0	0
Total	12	10	16	2	1	41
% of Total	29%	24%	39%	5%	2%	100%

Source: HSP

Springfield's Expo Center has enough meeting space/rooms to service about 30 percent of the survey respondents, but it could service nearly all the needs of the surveyed groups by developing approximately 16,000 total square feet of meeting rooms, or an expansion of approximately 12,000 square feet.

The next table shows the room nights generated per event.

Table 7-7

Room Nights Generated per Event								
	100 or less	101 - 200	201 - 500	501 - 1,000	1,001 - 1,500	1,501 - 2,500	2,501 - 5,000	Total
Event 1	1	5	8	5	8	2	4	33
Event 2	2	0	0	1	0	1	1	5
Event 3	1	0	0	2	0	0	1	4
Event 4	0	0	0	0	0	0	1	1
Event 5	0	0	0	0	0	0	0	0
Total	4	5	8	8	8	3	7	43
% of Total	9%	12%	19%	19%	19%	7%	16%	100%

Source: HSP

The events generate a range of room nights, with most generating from 200 to 1,500 total room nights.

The next table shows the maximum room block needed by the events planned.

Table 7-8

Maximum Room Block Needed (Prefer Proximate to Meeting Facility)								
	100 or less	101 - 200	201 - 500	501 - 1,000	1,001 - 1,500	1,501 - 2,500	2,501 - 5000	Total
Event 1	5	4	8	8	3	1	0	29
Event 2	1	0	1	2	0	0	0	4
Event 3	0	0	2	1	0	0	0	3
Event 4	0	0	0	1	0	0	0	1
Event 5	0	0	0	0	0	0	0	0
Total	6	4	11	12	3	1	0	37
% of Total	16%	11%	30%	32%	8%	3%	0%	100%

Source: HSP

Springfield can offer a block of approximately 200+ rooms proximate to the Expo Center. This serves about 27 percent of the responding groups. With another similar-sized hotel, it could double the number of groups (according to this survey) it could accommodate near the Expo Center.

The following shows the rooms needed at the headquarters hotel.

Table 7-9

Rooms Needed at Headquarters Hotel					
	Did Not Answer	Less than 250	251 - 500	500+	Total
Event 1	4	13	7	6	30
Event 2	0	4	0	0	4
Event 3	0	1	2	0	3
Event 4	0	1	0	0	1
Event 5	0	0	0	0	0
Total	4	19	9	6	38
% of Total	11%	50%	24%	16%	100%

Source: HSP

Fifty percent need 250 rooms or less, which Springfield can accommodate with University Plaza. A larger hotel would help, but the proximate block of rooms appears more important than the size of the largest hotel.

The next table shows the proximate room count desired.

Table 7-10

Rooms Required within Walking Distance of Meeting Facility						
	Did Not Answer	Less than 250	251 - 500	501 - 1,000	1,001+	Total
Event 1	9	11	3	4	1	28
Event 2	1	0	2	0	0	3
Event 3	0	0	2	0	0	2
Event 4	0	0	1	0	0	1
Event 5	0	0	0	0	0	0
Total	10	11	8	4	1	34
% of Total	29%	32%	24%	12%	3%	100%

Source: HSP

About one-third stated that they required less than 250 proximate rooms, which Springfield can accommodate with the University Plaza. By offering a second hotel onsite, the community could attract many more events.

The next question asked the planners to rank items by importance to their event.

Table 7-11

Items of Importance for Events (Ranked by Avg. Score)							
Rank	Amenity	Less Important		← →		Most Important	
		1	2	3	4	5	Avg.
1	Proximity of HQ hotel to meeting facilities	1	0	2	3	24	4.63
2	Quality of facilities	1	0	1	9	20	4.52
3	Hotel room block availability	2	0	2	5	22	4.45
4	Hotel and exhibit space pricing packages	2	0	2	7	21	4.41
5	Customer service	1	0	3	9	18	4.39
6	Breakout room availability	2	1	2	5	22	4.38
7	Food and beverage quality	0	1	4	11	15	4.29
8	Hotel and event space connectivity	1	3	3	4	21	4.28
9	City location	2	2	8	8	11	3.77
10	Attendee transportation access	3	3	10	9	7	3.44
11	Dining options	4	3	9	11	5	3.31
12	Walkability of attractions/entertainment	8	7	9	6	0	2.43
13	Nightlife	19	5	3	3	1	1.77

Source: HSP

Eight of the 13 amenities were ranked as highly important, with proximity of the headquarters hotel to the meeting facility, quality of the facilities and hotel room block as the three most important. Pricing was fourth, followed by customer service and breakout room availability. Nightlife was the least important, but “dining options” was much more important, almost as important as access.

The next question asked if the respondents had stayed at University Plaza and nearly 60 percent had not.

Table 7-12

Stayed at University Plaza	
Yes	No
13	19
41%	59%
Source: HSP	

The next table shows the reasons specified for not choosing Springfield for their event.

Table 7-13

Reasons Specified for Not Choosing Springfield			
Reason	# Citing	% of Total	Required Change to Rectify
Hotel and Event Space Connectivity/Proximity	8	19%	Connect Hotel(s) to Facilities
Not Specified	7	16%	n/a
City Location	7	16%	n/a
Other	7	16%	n/a
Hotel Room Block Availability	5	12%	Expand # of Hotel Rooms
Attendee Transportation Access	4	9%	Unclear
Hotel and exhibit space pricing packages	3	7%	Price Space Competitively
Breakout Room Availability	2	5%	Expand # of Breakout Rooms
Quality of facilities	2	5%	Improve Quality of UP & Expo Center
Dining options	1	2%	Expand or Connect to Dining Options
Food and beverage quality	1	2%	Improve Catering Quality at Expo Center
Air Service	1	2%	Decrease Flight Costs
CC wasn't large enough, no kitchen	1	2%	Expand Center, Add Kitchen
Disability access	1	2%	Review and Improve Access
University Plaza	1	2%	Improve Quality of Univ. Plaza
Total	43	100%	
Source: Hunden Strategic Partners			

Eight respondents cited hotel and event space connectivity/proximity, the highest single reason, followed by city location and 'other.' Hotel room block availability and transportation were also primary reasons cited. By improving the quality and function space offerings of the Expo Center and adding a second adjacent hotel, more than one-third of these groups could have been lured to Springfield.

The next table shows the other cities used by respondents (if the city was named more than once).

Table 7-14

Other Cities Used by Respondents	
Location	Groups
Lake of the Ozarks, MO	15
Kansas City, MO	7
Greenville, SC	7
Springfield, IL	5
St. Charles, MO	4
Indianapolis, IN	3
Columbia, MO	3
Branson, MO	2
Galveston, TX	2
Tulsa, OK	2
Louisville, KY	2
Jefferson City, MO	2
Source: Hunden Strategic Partners	

Lake of the Ozarks was the most popular destination, followed by Kansas City and Greenville, South Carolina, surprisingly. Springfield, Illinois and St. Charles, Missouri were also popular, as were Indianapolis and Columbia, Missouri.

The next table shows the other cities listed once by the survey respondents.

Table 7-15

Other Cities Chosen by Respondents for Events			
Appleton, WI	Evansville, IN	Lancaster, PA	Paducah, KY
Carlisle, PA	Fargo, ND	Las Vegas, NV	Philadelphia, PA
Charleston, WV	Fort Worth, TX	Lebanon, MO	Phoenix, AZ
Chicago, IL	Franklin, TN	Lincoln, NE	Pomona, CA
Cincinnati, OH	Greensboro, NC	Little Rock, AR	Reno, NV
Dallas, TX	Hannibal, MO	Memphis, TN	Richmond, VA
Daytona Beach, FL	Hot Springs, AR	Modesto, CA	Salem, OR
Des Moines, IA	Jacksonville, FL	Nashville, TN	San Diego, CA
Duluth, MN	Kalamazoo, MI	Oklahoma City, OK	Seattle, WA
Eugene, OR	Knoxville, TN	Orlando, FL	Sedalia, MO
Source: Hunden Strategic Partners			

The following is a table showing other comments by the respondents.

Table 7-16

Other Quotes from Planners Regarding Springfield				
Comment	Overall Needs	Hotel(s) an Issue?	Space an Issue?	Pricing an Issue?
Most important is airfare, followed by a full service chain hotel	Airfare & Full-Service Branded Hotel	X		
Price point for hotel and convention center must be competitive and must have sufficient space availability	Pricing			X
Airport. 750 rooms within walking distance. More breakout space.	Connected Hotels, Breakout Space	X		
Walkway between hotels/cc	Breakout Rooms, Catering Quality		X	
A venue with the capabilities to seat 15,000 plus with many break out rooms. We need to have quality F&B in the facility	All Function Space Types		X	
Exhibit space in one building with adequate meeting rooms, lecture hall and ballroom	Disabled Accessibility			
Complete disability accessibility options	Rooms, More Space at Center	X	X	
More hotel space and much improved convention center with good access to hotels	More Hotels Nearby	X		
Need more full service hotels on the south side of Springfield. City has grown south and southwest and the hotel industry has not kept up.	More Adjacent Hotels	X		
More hotel rooms next to convention center.	More Proximate Hotels	X		
More hotel rooms close to the convention center	Larger Hotel, Attached to Expo	X		
A hotel with sufficient sleeping rooms to house all our attendees in one facility with meeting/expo space in the hotel or attached.	Pricing			X
Better Pricing!	Pricing			X
Springfield does not offer price that start to compare to other venues	Air Access, Winter Climate			
Easy access to city by air; warmer in the winter months! I have two January meetings and both prefer warm climates.	More Exhibition Space		X	
Bigger convention center...more tradeshow space.	More Hotel Space Attached to Center	X		
Hotel space close/attached to convention facility	Pricing			X
Pricing!	Pricing			X
Pricing is an issue				
Total		8	4	5
Source: Hunden Strategic Partners				

The most popular topic was related to hotel issues, followed by pricing and overall space needs.

Springfield Market and Customer Analysis Study

Along with the HSP survey, the Client provided results of a survey conducted in order to increase travel resulting from meeting and conventions, leisure travel, group tours and sporting events. This data provides a snapshot of the types of visitors to Springfield for a variety of travel purposes. This information, along with the meeting planner survey, helps create a comprehensive understanding of Springfield's convention and travel market.

The study began in 2001 and was conducted by Jerry Henry & Associates via e-mail. Contact information was collected from hotels, attractions and the airport and participants were sent a survey to complete after their return home.

The primary objective of this study was to develop a detailed profile of visitors to Springfield. Basic demographic information was collected and information on the image of Springfield and Branson as visitor destinations.

Table 7-17

Springfield E-Visitor Profile Study				
Demographics				
Demographics	2007	2008	2009	Percent Change
Gender				
Male	51.8%	53.5%	51.6%	-0.4%
Female	47.9%	46.5%	48.4%	1.0%
Education				
Less than HS Diploma	1.1%	7.0%	2.3%	109.1%
HS Diploma	16.7%	13.5%	17.1%	2.4%
Some college	27.2%	23.3%	24.6%	-9.6%
Associate degree	12.6%	8.0%	14.2%	12.7%
Bachelor's degree	25.7%	30.5%	26.2%	1.9%
Masters or Doctorate	14.2%	16.3%	12.7%	-10.6%
Other	2.5%	1.3%	2.9%	16.0%
Household Income				
Under \$15,000	1.9%	0.4%	0.9%	-52.6%
\$15-\$24,999	3.4%	11.0%	3.5%	2.9%
\$25-\$34,999	10.7%	3.9%	6.8%	-36.4%
\$35-\$44,999	13.8%	7.5%	8.3%	-39.9%
\$45-\$54,999	17.6%	15.5%	8.9%	-49.4%
\$55-\$74,999	19.9%	26.6%	20.9%	5.0%
\$75-\$99,999	17.4%	19.3%	15.2%	-12.6%
Over \$100,000	15.2%	12.4%	16.9%	11.2%
Average	\$ 63,406	\$ 64,044	\$ 68,821	8.5%
Source: Springfield CVB				

As the table shows, Springfield visitors in 2009 have been evenly split between male and female, more than one-fourth have a bachelor's degree and the overall average household income is more than \$68,000.

The following table shows the characteristics of the parties visiting.

Table 7-18

Springfield E-Visitor Profile Study				
Party Composition				
Party	2007	2008	2009	Percent Change
Families				
Families with kids	28.1%	33.5%	20.5%	-27.0%
Grandtrippers	2.9%	2.2%	3.4%	17.2%
<i>Total</i>	<i>31.0%</i>	<i>35.7%</i>	<i>23.9%</i>	<i>-22.9%</i>
Adults				
Couples	28.4%	28.7%	36.1%	27.1%
One Adult	10.1%	15.6%	9.9%	-2.0%
Two Adults	14.5%	9.7%	15.4%	6.2%
3+ Adults	12.7%	8.6%	12.7%	0.0%
<i>Total</i>	<i>65.7%</i>	<i>62.6%</i>	<i>74.1%</i>	<i>12.8%</i>
Other	2.9%	1.4%	0.0%	-100.0%
Average Party Size	3.02	3.11	2.90	-4.0%
Spending per Party	\$ 665.38	\$ 757.04	\$ 646.60	-2.8%
Source: Springfield CVB				

In 2009, nearly three-fourth of Springfield visitors were adults, most of which were couples. Average party size has remained at approximately three from 2007 to 2009, while spending has fluctuated during the same period, as spending reached over \$750 in 2008 but then fell to under \$650 in 2009. This spending level shows that visitors do have an impact on the local community outside of hotel spending.

The following table shows the age characteristics of visitors.

Table 7-19

Springfield E-Visitor Profile Study				
Age of Party				
Age	2007	2008	2009	Percent Change
Under 18 years	21.3%	24.3%	9.6%	-54.9%
18-34 years	16.7%	13.9%	16.0%	-4.2%
35-54 years	39.3%	37.9%	33.4%	-15.0%
55+ years	22.7%	23.8%	34.3%	51.1%
Average Age	44.7	42.0	54.2	21.3%
Source: Springfield CVB				

As shown, the average age within parties to Springfield has increased by more than 20 percent from 2007 to 2009, increasing nearly ten years from 44.7 to 54.2. The “55 and older” age bracket increased by more than 50 percent during this period while the under 18-age bracket decreased by nearly 55 percent.

The next table shows how often visitors went to Springfield.

Table 7-20

Springfield E-Visitor Profile Study				
Visits to Springfield				
Last Visits	2007	2008	2009	Percent Change
First-time visitors	20.6%	31.9%	11.5%	-44.2%
Earlier the year	30.6%	18.1%	42.7%	39.5%
Last Year	23.4%	30.0%	29.4%	25.6%
Inactive	25.4%	19.9%	16.5%	-35.0%
2 years ago	9.7%	7.2%	6.5%	-33.0%
3 years ago	4.6%	0.9%	2.6%	-43.5%
4+ years ago	11.0%	11.9%	7.3%	-33.6%
Number of Previous Visits	3.82	3.28	4.45	16.5%
Source: Springfield CVB				

On average, visitors to Springfield had previously visited the city 4.45 times, a 16 percent increase from 2007. More than 40 percent of visitors indicated a visit to Springfield earlier in the year in 2009, a nearly 40 percent increase from 2007. First-time visitors decreased by nearly 45 percent over the same period.

The table on the following page shows the purpose of the visits.

Table 7-21

Springfield E-Visitor Profile Study				
Purpose	Purpose of Trip			Percent Change
	2007	2008	2009	
Pleasure				
Base for Branson visit	1.6%	6.4%	6.0%	275.0%
Vacation	11.3%	16.7%	17.5%	54.9%
Enroute to/from Branson	11.5%	3.6%	11.2%	-2.6%
Pass through	5.1%	2.5%	19.8%	288.2%
Visits friends/families	13.2%	11.2%	10.1%	-23.5%
Visiting attractions	11.0%	18.0%	1.2%	-89.1%
Other	8.4%	7.4%	1.7%	-79.8%
Total	62.1%	65.8%	67.5%	8.7%
Personal				
Wedding	1.1%	1.5%	0.8%	-27.3%
Reunion	1.1%	2.0%	1.6%	45.5%
Medical visit	1.6%	1.9%	1.9%	18.8%
Passing through	3.1%	5.2%	1.2%	-61.3%
Other	7.6%	2.1%	7.0%	-7.9%
Total	14.5%	12.7%	12.5%	-13.8%
Business				
Attending conference	7.3%	11.0%	1.9%	-74.0%
Sales calls	4.7%	5.9%	18.3%	289.4%
Visit local office	2.9%	0.6%	0.0%	-100.0%
Passing through	4.7%	3.8%	0.0%	-100.0%
Other	4.0%	2.1%	0.0%	-100.0%
Total	23.6%	23.4%	20.2%	-14.4%

Source: Springfield CVB

As shown, pleasure trips were the most common purpose for Springfield visitors, however, nearly 20 percent of these visitors indicated that they used local amenities as a “pass through” lodging stop. Sales calls (18.3 percent) are indicated as the next highest trip purpose in 2009, a significant increase from 2007 and 2008. Vacations accounted for the next highest percentage of pleasure trips at nearly 18 percent, a 55 percent increase from 2007.

The next table shows the mode of transportation used and route traveled.

Table 7-22

Springfield E-Visitor Profile Study				
Transportation				
Transportation	2007	2008	2009	Percent Change
Mode				
Personal Auto	84.1%	84.0%	85.6%	1.8%
Rented Auto	5.5%	7.1%	4.2%	-23.6%
Air	5.3%	5.9%	5.8%	9.4%
Tour Bus	1.2%	0.8%	0.0%	-100.0%
RV/Camper	0.4%	0.8%	0.0%	-100.0%
Other	1.9%	1.4%	0.7%	-63.2%
Route Traveled				
South on Hwy 65	10.8%	14.3%	9.6%	-11.1%
North on Hwy 65	14.6%	5.2%	7.3%	-50.0%
North on Hwy 160	0.8%	0.2%	1.4%	75.0%
West on I-44	19.8%	26.0%	26.9%	35.9%
East on I-44	19.3%	9.0%	18.4%	-4.7%
West on Hwy 60	8.7%	3.3%	6.9%	-20.7%
East on Hwy 60	3.5%	6.9%	2.0%	-42.9%
South on Hwy 12	12.2%	18.2%	14.6%	19.7%
Air travel	6.0%	8.7%	7.1%	18.3%
Other	4.6%	6.4%	2.9%	-37.0%
Don't know	0.7%	1.8%	3.0%	328.6%
Distance (one-way)				
0-100 miles	13.0%	6.1%	10.4%	-20.0%
101-300 miles	33.9%	48.6%	39.2%	15.6%
301+ miles	53.1%	45.3%	50.4%	-5.1%
Average	463	415	487	5.2%
Source: Springfield CVB				

As shown, the primary mode of transportation for visiting Springfield has been via personal automobile. The most popular route to Springfield was identified as Interstate 44 as 27 percent traveled from the west and 18 percent traveled from the east. Air travel is a small percentage of trips, but has been increasing. On average, one-way distance for Springfield visitors was 487 miles in 2009, up from the 415 miles in 2008 and 463 miles in 2007.

The table on the following page shows the attractions/activities visited during the stay in Springfield.

Table 7-23

Springfield E-Visitor Profile Study				
Area Activities				
Attractions	2007	2008	2009	Percent Change
Venues				
Wonders of Wildlife	22.6%	10.1%	-	n/a
Bass Pro Shops	61.6%	46.6%	64.1%	4.1%
Battlefield Mall	31.1%	38.8%	34.9%	12.2%
Dickerson Park Zoo	3.9%	8.2%	10.0%	156.4%
Discovery Center	4.5%	7.8%	3.1%	-31.1%
Fantastic Caverns	13.9%	10.6%	16.7%	20.1%
Mediacom Ice Park	2.3%	5.2%	0.1%	-95.7%
MO Sports Hall of Fame	1.7%	6.7%	3.0%	76.5%
Music Theater (Branson)	16.1%	10.5%	10.4%	-35.4%
Springfield Cardinals	6.8%	6.8%	6.0%	-11.8%
Springfield Nature Center	4.5%	3.5%	4.8%	6.7%
Silver Dollar City	13.3%	11.7%	11.3%	-15.0%
Wild Animal Safari	-	-	6.6%	n/a
Wilson's Creek	5.1%	13.7%	12.1%	137.3%
Activities				
Golf Courses	3.8%	1.8%	2.4%	-36.8%
Public Parks	8.0%	14.0%	11.6%	45.0%
Sporting Events	4.6%	8.8%	5.8%	26.1%
Played Golf	3.9%	7.5%	2.7%	-30.8%
Played Tennis	0.5%	0.4%	0.1%	-80.0%
Went Sightseeing	25.1%	22.6%	26.5%	5.6%
Went Hiking	5.4%	2.6%	5.3%	-1.9%
Bird/Wildlife Watching	6.9%	7.9%	4.7%	-31.9%
Fishing	7.2%	14.9%	4.4%	-38.9%
Went Swimming	10.0%	19.3%	8.4%	-16.0%
Boating	3.8%	7.4%	3.2%	-15.8%
Lake/Waterfront	11.5%	16.8%	9.8%	-14.8%
Went Camping	1.3%	6.8%	1.6%	23.1%
Visited Historical Site	7.0%	15.3%	13.5%	92.9%
Visited Museum	10.5%	11.6%	11.2%	6.7%
Visited Theme Park	11.9%	11.1%	5.8%	-51.3%
Visited Winery	5.9%	6.5%	9.3%	57.6%
Attended Festival	3.9%	2.2%	3.8%	-2.6%
Went Shopping	51.3%	35.3%	47.2%	-8.0%
Source: Springfield CVB				

As shown, the most popular destination for Springfield visitors was Bass Pro Shops (64 percent), followed by Battlefield Mall (35 percent). Nearly half, 47 percent, of Springfield's visitors went shopping while more than a quarter, 26 percent, went sightseeing during their trip.

The table on the next page shows the overnight stay characteristics.

Table 7-24

Springfield E-Visitor Profile Study				
Overnight Stays				
Springfield	2007	2008	2009	Percent Change
Stay overnight				
Yes	68.7%	71.5%	81.8%	16.0%
No	31.3%	28.5%	18.2%	-72.0%
Average # of nights	2.17	2.26	2.03	-6.9%
Lodging Types				
Hotel/Motel	87.8%	78.9%	72.9%	-20.4%
Campground	1.6%	1.4%	1.9%	15.8%
Friends/Relatives	7.9%	15.1%	8.4%	6.0%
Other	2.1%	4.6%	16.9%	87.6%
Don't Know	0.7%	0.0%	0.3%	-133.3%
Source: Springfield CVB				

In 2009, more than 81 percent of Springfield visitors stayed overnight, an increase of 16 percent from 2007. Visitors stayed an average of 2.03 nights in 2009. The majority of visitors used hotels and motels for lodging accommodations.

The following table shows the importance of various factors in making travel decisions.

Table 7-25

Springfield E-Visitor Profile Study				
Travel Factors				
Most Important	2007	2008	2009	Percent Change
Attractions, events, festivals	70.7%	77.6%	54.3%	-23.2%
Price/Affordability	62.5%	68.4%	59.3%	-5.1%
Accommodations	40.1%	44.5%	40.2%	0.2%
Accessibility	15.8%	21.8%	9.7%	-38.6%
Range of activities	24.3%	28.6%	27.3%	12.3%
Weather	19.7%	23.1%	14.5%	-26.4%
Uniqueness	15.8%	27.3%	15.0%	-5.1%
Within a day's drive	12.2%	16.4%	12.8%	4.9%
Safety	8.1%	3.7%	6.8%	-16.0%
Never Visited	12.7%	18.0%	14.7%	15.7%
Often visit	10.4%	11.4%	9.1%	-12.5%
Don't know	1.4%	0.1%	2.6%	85.7%
Source: Springfield CVB				

When asked to rank the factors leading to the decision to visit Springfield, it was found that price and affordability, 59 percent, was determined most important. Attractions, events and festivals also accounted for over 50 percent (54 percent) and accommodations accounted for 40 percent

of responses. The importance of attractions had reached 77 percent in 2008 before falling by more than 20 percentage points in 2009, likely due to the recession.

Community Interviews

In addition to both the HSP and Market and Customer Analysis survey, the HSP team conducted several interviews with various stakeholders in the local community. Each interview was conducted at the recommendation of the Springfield CVB due to each individual's understanding of the local convention and tourism market.

The table below shows the individuals, along with organization and professional title, who were interviewed by the HSP consulting team, beyond the stakeholders involved in the in-person kickoff meetings over a period of two days, where staff of the CVB, leaders at John Q. Hammons Hotels & Resorts, city officials and civic leaders were interviewed.

Table 7-26

HSP Interviews		
Name	Organization	Title
Lori Lawley	Assemblies of God	Housing Manager
Dr. Melissa Dallas	MSU Hospitality & Restaurant Dept.	Department Head & Professor
Howard Fisk	Fisk Limos/KSGF Airport Board	Owner/Board President
John Whittington	Whittington & Associates/KSGF Airport Board	President/Board Member
Rusty Worley	Urban Districts Alliance	Executive Director
Michele Dickemann	MD Publications	Meeting Planner
Mark Harrell	Plaza Realty & Management Services	JQH Leasing Manager
Source: HSP		

Assemblies of God Interview

Although there are a variety of local and regional event planners that participated in the HSP survey, the Springfield-based Assemblies of God (AG) offers significant impact potential to the city's convention market. In addition and most importantly, their comments are reflective of many similar organizations that would consider Springfield. Conversations with AG meeting planners indicate that the group is primarily focused on venues that provide in-house food and beverage, meeting space connectivity and breakout room availability.

AG can potentially attract upwards of 12,000 to 15,000 visitors for large youth events, but there are not nearly enough breakout rooms available at the University Plaza or any other venue in Springfield (60 breakout rooms within one central location is the minimum for an event this size). With the existing breakout space, the University Plaza does not meet the needs of their 5,000 to 6,000 visitor events.

Typically, AG prefers to not move visitors between various hotels and meeting spaces. Their ideal meeting venues include facilities that offer large hotel room blocks, meeting space and breakout

rooms all under one roof (or in very close proximity). These planners do not like spreading visitors across various hotels across various locations within the host city. The larger events would draw traffic to the downtown area while the smaller events are most likely to stay within the host hotel.

Connectivity between the University Plaza and Expo Center was also identified as a negative element due to food transport and unpredictable weather issues. AG planners also expressed a significant safety concern about moving large groups of people, especially children, across St. Louis Street.

Ideally, AG meeting planners would prefer that a new full service hotel with sufficient breakout space and food and beverage offerings be developed. A safe and convenient way to connect this new hotel, the Expo Center and University Plaza would be ideal. The inclusion of additional breakout space would be considered the most critical element of this new property.

Implications

Based on the results from both surveys and interviews conducted by the HSP team, the biggest issues facing Springfield – all of which are solvable – are hotel and function space related. Pricing is also a major issue, which can be solved if the City restructures the management contract to encourage the Expo Center to lose money on certain events, as most cities do, in order to lure these events and their room night generation to the market.

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RELEVANT PEER COMMUNITIES

HSP also reviewed other communities that have similar characteristics to Springfield or they receive group business that also considers Springfield. Characteristics include location, demographics, size, presence of a mid-sized university, regional center status and meeting/hotel facilities.

The table below provides an overview of the cities considered. The characteristics shown are the same as those profiled in the competitive set chapter.

Table 8-1

Comparable Cities Overview - 2010		
City	MSA Population	Convention Facility
Tulsa, OK*	937,478	Tulsa Convention Center
Columbia, SC	767,598	Columbia Metropolitan Convention Center
Knoxville, TN*	698,030	Knoxville Convention Center
Syracuse, NY	662,577	Oncenter Complex
Wichita, KS	623,061	Century II Convention Center
Greenville, SC*	636,986	Carolina First Center
Chattanooga, TN*	528,143	Chattanooga Convention Center
Lexington, KY*	472,099	Lexington Convention Center & Rupp Arena
Fort Wayne, IN	416,257	Grand Wayne Convention Center
Peoria, IL*	379,186	Peoria Civic Center
Evansville, IN	358,676	The Centre
Springfield, IL	210,170	Prairie Capital Convention Center
Amarillo, TX	249,881	Amarillo Civic Center
Waco, TX	234,906	Waco Convention Center
Springfield, MO	436,712	Springfield Expo Center
* Cities that the Springfield Chamber of Commerce has visited as peer cities in the past 25 years		
Source: U.S. Census, HSP		

The MSA sizes range from 235,000 to 937,000 and Springfield, MO falls essentially in the middle. Most of these cities serve as their own regional centers, are located in the eastern two-thirds of the U.S. and have a mid-sized to major university. They also have meeting and convention facilities.

Relevant Cities Overview

Each relevant city presented above provides unique convention and meeting opportunities for event planners as well as other amenities that planners find attractive.

Population

The following table shows the population figures for competitive cities.

Table 8-2

City Limit Rank	MSA Rank	City	Comparable City Population				
			2010 City Population	2000 MSA Population	2010 MSA Population	Percent Change	Media Market Population
1	1	Tulsa, OK	391,906	861,369	937,478	8.1%	1,352,143
2	6	Wichita, KS	382,368	572,045	623,061	8.2%	1,171,030
3	8	Lexington, KY	295,803	409,656	472,099	13.2%	1,247,219
4	10	Fort Wayne, IN	253,691	391,066	416,257	6.1%	710,662
5	13	Amarillo, TX	190,695	227,117	249,881	9.1%	523,354
6	3	Knoxville, TN	178,874	617,573	698,030	11.5%	1,327,113
7	7	Chattanooga, TN	167,674	477,213	528,143	9.6%	922,406
9	4	Syracuse, NY	145,170	649,817	662,577	1.9%	996,213
10	2	Columbia, SC	129,272	649,181	767,598	15.4%	1,015,976
11	14	Waco, TX	124,805	214,093	234,906	8.9%	925,408
12	15	Springfield, IL	116,250	201,586	210,170	4.1%	956,989
13	12	Evansville, IN	117,429	342,992	358,676	4.4%	723,186
14	11	Peoria, IL	115,007	366,602	379,186	3.3%	635,751
15	5	Greenville, SC	61,782	561,900	636,986	11.8%	2,131,902
Average			190,766	467,301	512,503	8.3%	1,045,668
8	9	Springfield, MO	159,498	369,775	436,712	15.3%	1,049,325

Source: US Census, HSP

As shown, Springfield is ranked as the eighth most populated city in terms of city-limits population and is slightly below the average for the MSA populations. Springfield has experienced the second highest growth percentage from 2000 to 2010, just behind Columbia, South Carolina. Its media market is the fourth largest and is near the average for the set.

Effective Buying Income

The following table shows the median household EBI for the competitive cities.

Table 8-3

Comparable City EBI - 2009		
Rank	City	Median EBI
1	Lexington, KY	\$38,856
2	Wichita, KS	\$37,417
3	Amarillo, TX	\$35,501
4	Springfield, IL	\$35,273
5	Tulsa, OK	\$35,023
6	Peoria, IL	\$34,549
7	Greenville, SC	\$32,550
8	Chattanooga, TN	\$32,244
9	Fort Wayne, IN	\$32,173
10	Columbia, SC	\$31,909
11	Evansville, IN	\$29,820
13	Knoxville, TN	\$27,848
14	Waco, TX	\$26,708
15	Syracuse, NY	\$24,936
Average		\$32,486
12	Springfield, MO	\$29,233

Source: Survey of Buying Power

Springfield ranks near the bottom (12th) in terms of median EBI, with Lexington and Wichita at the top of the list, nearly \$10,000 higher per household.

University Presence

One of the common factors for a number of the peer cities is the presence of a university. The table below shows the primary university in each market.

Table 8-4

Comparable Cities - University Enrollment			
Rank	City	University	Enrollment
1	Knoxville, TN	University of Tennessee	29,934
2	Columbia, SC	University of South Carolina	28,481
3	Lexington, KY	University of Kentucky	26,295
5	Syracuse, NY	Syracuse University	19,638
6	Wichita, KS	Wichita State University	14,823
7	Waco, TX	Baylor University	14,614
8	Fort Wayne, IN	Indiana University - Purdue University - Fort Wayne	13,675
9	Chattanooga, TN	University of Tennessee - Chattanooga	10,526
10	Evansville, IN	University of Southern Indiana	10,516
11	Peoria, IL	Bradley University	5,800
12	Springfield, IL	University of Illinois - Springfield	4,977
13	Tulsa, OK	University of Tulsa	4,187
14	Greenville, SC	Bob Jones University	3,950
15	Amarillo, TX	-	-
Average		-	13,124
4	Springfield, MO	Missouri State University	20,371

Source: US News and World Report

The largest university presence is the University of Tennessee in Knoxville, Tennessee, with 30,000 students. The University of South Carolina in Columbia has more than 28,000 students. Springfield has the fourth-highest number of enrolled students at Missouri State. This is much higher than the average enrollment of the peer set.

Crime

The following table displays crime statistics for peer cities, ranked from the greatest number of incidences per 1,000 people to the least.

Table 8-5

Comparable Cities - Crime Statistics - 2009 (Ranked in order of Violent Crimes per 1,000)															
Rank	City	Population	Violent per 1,000	Per 1,000	Total Crimes	Violent	Murder	Rape	Robbery	Assault	Property	Burglary	Larceny	Vehicle Theft	Arson*
1	Tulsa, OK	391,906	11.0	141	55,232	4,295	68	254	1,117	2,856	23,220	6,626	14,521	2,073	202
2	Knoxville, TN	178,874	11.0	155	27,646	1,966	22	147	660	1,137	11,821	2,589	8,553	679	72
3	Chattanooga, TN	167,674	10.7	175	29,295	1,792	17	53	535	1,187	12,849	2,987	8,949	913	13
4	Columbia, SC	129,272	10.4	140	18,065	1,338	13	68	379	878	7,689	1,678	5,321	690	11
5	Greenville, SC	61,782	10.3	14	8,633	638	1	28	160	449	3,674	622	2,790	262	9
6	Syracuse, NY	145,170	9.3	98	14,284	1,343	18	70	403	852	5,779	1,946	3,495	338	40
7	Wichita, KS	382,368	8.5	120	45,864	3,245	25	254	527	2,439	19,597	4,045	13,886	1,666	180
8	Amarillo, TX	190,695	8.3	133	25,314	1,580	10	99	352	1,119	11,039	2,561	7,768	710	76
10	Waco, TX	124,805	7.1	128	16,007	883	9	49	228	597	7,110	1,897	4,879	334	21
11	Lexington, KY	295,803	5.9	80	23,797	1,760	13	107	578	1,062	10,124	2,427	7,154	543	29
12	Evansville, IN	117,429	3.7	100	11,685	432	3	60	136	233	5,376	1,110	4,038	228	69
13	Fort Wayne, IN	253,691	3.5	81	20,555	876	18	75	485	298	9,379	2,269	6,683	427	45
n/a	Springfield, IL	116,250	n/a	136	15,761	-	12	-	268	1,076	7,181	1,711	5,206	264	43
n/a	Peoria, IL	115,007	n/a	102	11,704	-	16	-	409	554	5,333	1,606	3,378	349	59
Average		190,766	8.3	114	23,132	1,679	18	105	446	1,053	10,012	2,434	6,902	677	62
9	Springfield, MO	159,498	7.5	191	30,498	1,197	6	112	299	780	14,012	2,314	10,859	839	80

* The FBI does not publish arson data unless it receives data from either the agency or the state for all 12 months of the calendar year.

Source: FBI

Springfield is ranked as the ninth highest in terms of violent crime, lower than the average. However, due to many non-violent crimes, it is the highest city in terms of total crimes per 1,000 residents, followed by Chattanooga and Knoxville.

Transportation

The following table shows airport access for the peer cities.

Table 8-6

Comparable City Air Access - 2009					
Access	Rate	City	Airport	Enplanements	Average Ticket
1	3	Tulsa, OK	Tulsa International	1,416,249	\$331.31
2	5	Syracuse, NY	Syracuse Hancock International	1,016,571	\$355.98
3	11	Knoxville, TN	McGhee Tyson	811,379	\$410.25
4	2	Wichita, KS	Wichita Mid-Continent	730,374	\$324.62
5	13	Greenville, SC	Greenville-Spartanburg International	625,728	\$420.94
6	14	Columbia, SC	Columbia Metropolitan	521,165	\$461.64
8	10	Lexington, KY	Blue Grass	450,464	\$405.34
9	1	Amarillo, TX	Rick Husband Amarillo International	394,569	\$296.86
10	6	Chattanooga, TN	Lovell Field	311,399	\$364.67
11	8	Fort Wayne, IN	Fort Wayne International	259,315	\$369.88
12	4	Peoria, IL	General Downing - Peoria International	242,142	\$337.21
13	15	Evansville, IN	Evansville Regional	153,993	\$480.79
14	12	Waco, TX	Waco Regional	66,089	\$411.04
15	7	Springfield, IL	Abraham Lincoln Capital	58,197	\$369.50
		Average	-	504,117	\$381.43
7	9	Springfield, MO	Springfield-Branson National	398,025	\$386.88

As this table shows, Springfield is about average in the terms of enplanements and is slightly higher in terms of the average ticket price. The cities of Columbia and Greenville in South Carolina and Evansville, Indiana have the costliest average ticket prices. This data suggests that while Springfield is higher than many of its competitors, it is not out of line for similar or peer markets.

Convention Facilities

Convention and meeting destinations compete on a variety of levels, but the threshold question is: can the local facilities accommodate a planner's event? The amount of exhibit, ballroom and meeting space and the hotel package in each location determine the answer to these questions.

Facility Specifications

The table below shows the function space of competitive meeting facilities.

Table 8-7

Function Space Overview - Comparable Cities										
Rank	City	Facility	Total Function Space	Exhibit Space	Largest Ballroom	Total Ballroom	Largest Mtg Room	Meeting Space	Breakout Rooms	Misc.
1	Greenville, SC	Carolina First Center	332,553	270,000	30,000	30,000	11,376	32,553	18	
2	Chattanooga, TN	Chattanooga CC	195,380	150,800	19,000	19,000	1,800	25,580	21	-
3	Knoxville, TN	Knoxville Convention Center	167,865	119,922	26,684	26,684	4,611	21,259	14	
4	Peoria, IL	Peoria Civic Center	154,842	110,000	26,550	26,550	7,289	18,292	12	-
5	Tulsa, OK	Tulsa Convention Center	140,040	102,600	30,040	30,040	2,400	7,400	13	23,744 SF Arena
6	Wichita, KS	Century II Convention Center	119,220	93,000	0	0	7,750	26,220	12	-
7	Lexington, KY	Lexington CC & Rupp Arena	111,559	66,000	17,150	23,575	5,525	21,984	12	25,000 SF Arena
8	Syracuse, NY	Oncenter Complex	86,990	65,250	14,880	14,880	928	6,860	10	-
9	Fort Wayne, IN	Grand Wayne CC	81,360	50,000	10,000	16,000	6,420	15,360	8	-
11	Waco, TX	Waco Convention Center	67,892	47,000	0	0	15,000	20,892	10	25,000 SF Theater
12	Amarillo, TX	Amarillo Civic Center	107,600	43,575	20,845	30,925	16,000	33,100	9	17,000 SF Coliseum, 2,306-seat Auditorium
13	Springfield, IL	Prairie Capital Convention Center	65,000	40,000	0	0	9,100	25,000	17	-
14	Evansville, IN	The Centre	63,496	38,000	13,400	13,400	1,008	12,096	12	-
15	Columbia, SC	Columbia Metropolitan CC	55,485	24,700	17,135	17,135	5,540	13,650	9	-
Average			124,949	87,203	16,120	17,728	6,768	20,018	13	-
10	Springfield, MO	Springfield Expo Center	48,150	44,400	0	0	625	3,750	7	46,700 SF Trade Center

Source: Mpoint

The other communities have total function space ranging from 55,000 to 332,000 square feet and average 122,000 square feet, more than double what is offered at the Expo Center. The largest ballroom averages 15,000 square feet and total meeting space is nearly 20,000 square feet. Springfield ranks last in both of these measures.

Proximate Hotel Rooms

The following table shows the number of hotel rooms within close proximity (approximately one-quarter to one-third of a mile is considered walkable) of the major meeting facilities in the competitive cities.

Table 8-8

Comparable Cities - Proximate Hotel Market						
Rank	City	Facility	Proximate Hotel Rooms*	Largest Hotel in Close Proximity	Individual Hotel Room Count	Rooms Per 1,000 SF Exhibit Space
1	Peoria, IL	Peoria Civic Center	823	Holiday Inn Peoria City Center	319	7.5
2	Knoxville, TN	Knoxville Convention Center	817	Hilton Knoxville	317	6.8
3	Chattanooga, TN	Chattanooga Convention Center	804	Marriott Chattanooga at the Convention Center	343	5.3
4	Lexington, KY	Lexington Convention Center	733	Hilton Lexington Downtown	367	11.1
5	Springfield, IL	Prairie Capital Convention Center	681	Hilton Springfield	365	17.0
6	Wichita, KS	Century II Convention Center	541	Hyatt Regency Wichita	303	5.8
7	Tulsa, OK	Tulsa Convention Center	519	Doubletree Tulsa Downtown	417	5.1
8	Fort Wayne, IN	Grand Wayne Convention Center	496	Courtyard Fort Wayne Downtown	250	9.9
9	Columbia, SC	Metropolitan Convention Center	476	Hilton Columbia Center	222	19.3
11	Waco, TX	Waco Convention Center	348	Hilton Waco	195	7.4
12	Syracuse, NY	Oncenter Complex	279	Crowne Plaza	279	4.3
13	Evansville, IN	The Centre	220	Hyatt Place	220	5.8
14	Amarillo, TX	Amarillo Civic Center	107	Courtyard Amarillo Downtown	107	2.5
15	Greenville, SC	Carolina First Center	-	-	-	-
Average			526		285	8.3
10	Springfield, MO	Springfield Expo Center	391	University Plaza Hotel	271	8.8

Source: STR, HSP

Springfield ranks tenth on the list, with 391 rooms within easy walking distance of the Expo Center. When considering rooms per 1,000 square feet of exhibit space, Springfield has 8.8 rooms, about the average of the set. (If the old Sears space were counted, this metric would be more unfavorable to Springfield, however, by a significant margin). In terms of the largest hotel, the University Plaza with 271 rooms is smaller than about half of the largest hotels in the peer cities. Of the cities with smaller proximate package, several are adding hotels, including Wichita (two hotels opening this year) and Amarillo (planning a 200+ room hotel).

Renovations and Expansions

Many of the peer destinations have invested money to improve their facilities and improve the competitiveness of their destinations. The following table summarizes the recently completed or planned expansions or renovation projects for the facilities in the set of competitive cities.

Table 8-9

Comparable Cities - Expansion and Renovations Overview						
City	Facility	CC or Hotel Development Planned	Details	Expected Date	HQ Hotel Development	Date Opened or Expected
Amarillo, TX	Amarillo Civic Center	Yes	Currently studying feasibility of expansion	-	Planning 200 - 300-room Hotel	2013
Chattanooga, TN	Chattanooga Convention Center	No	Expansion (120,000 SF)	2003	Recently Renovated Marriott (343 Rooms)	2009
Columbia, SC	Metropolitan Convention Center	Yes	Currently studying feasibility of expansion	-	-	-
Evansville, IN	The Centre	Yes	11,000 seat arena (across the street)	2011	Hyatt Place (220 Rooms)	2013
Fort Wayne, IN	Grand Wayne Convention Center	No	Expansion (100,000 SF)	2005	Marriott Courtyard (250 Rooms)	2010
Greenville, SC	Carolina First Center	No	\$22 million renovation of exhibit and meeting space	2008	-	-
Knoxville, TN	Knoxville Convention Center	No	\$160 million center opened	2002	Hyatt proposed (400 Rooms)	-
Lexington, KY	Lexington Convention Center	Yes	Currently studying expansion of center and arena	2011	Considering additional hotel options	-
Peoria, IL	Peoria Civic Center	No	Expansion (45,000 SF)	2007	Recently Renovated Holiday Inn (319 Rooms)	2008
Springfield, IL	Prairie Capital Convention Center	Yes	Proposed 97,600 expansion	-	-	-
Syracuse, NY	Oncenter Complex	No	-	-	Studying convention hotel	-
Tulsa, OK	Tulsa Convention Center	No	Expansion (137,600 SF)	2008	Doubletree (417 Rooms)	1982
Waco, TX	Waco Convention Center	No	Expansion (25,000 SF)	2009	-	-
Wichita, KS	Century II Convention Center	Yes	Studying expansion of center	-	Hyatt Regency (303 Rooms), Drury (200 rooms), Fairfield (130 rooms)	2003, 2011
Springfield, MO	Springfield Expo Center	TBD				

Source: HSP

As shown, nearly all of the peer cities have built, expanded or renovated their primary meeting facility and primary hotel in the past five to six years, or are planning to in the near future.

Local Entertainment

The next table shows the location of the nearest entertainment or restaurant district to the destination facilities in competitive cities.

Table 8-10

Comparable Cities - Restaurant and Entertainment Districts				
	City	Facility	District Name	Distance (miles)
1	Fort Wayne, IN	Grand Wayne Convention Center	Harrison Square	0.0
2	Columbia, SC	Columbia Metropolitan Convention	Vista on the River	0.1
3	Amarillo, TX	Amarillo Civic Center	Polk Street Entertainment District	0.3
3	Knoxville, TN	Knoxville Convention Center	Market Square	0.3
3	Springfield, IL	Prairie Capital Convention Center	Historic Downtown	0.3
6	Peoria, IL	Peoria Civic Center	Peoria RiverFront	0.4
7	Waco, TX	Waco Convention Center	Warehouse District	0.5
8	Lexington, KY	Lexington Convention Center &	Distillery District	0.6
8	Wichita, KS	Century II Convention Center	Old Town	0.6
10	Syracuse, NY	Oncenter Complex	Clinton Square	0.7
12	Chattanooga, TN	Chattanooga Convention Center	Riverfront Entertainment District	0.9
12	Evansville, IN	The Centre	The District	0.9
14	Tulsa, OK	Tulsa Convention Center	Blue Dome District	1.0
15	Greenville, SC	Carolina First Center	Downtown/Main Street	3.2
	-	Average	-	0.7
10	Springfield, MO	Springfield Expo Center	Downtown Springfield	0.7

Source: HSP

Most of the peer cities have entertainment and restaurant districts closer to their facility than Springfield.

Implications

Overall, the peer cities have a variety of attributes that make many of them compelling destinations for group business. Most have the facilities and hotels necessary, while those that do not are in the process of expanding, studying or building new facilities to position them effectively. Many of the peer cities also have restaurant clusters or downtown areas very close to their meeting facilities that enhance the package the community is able to offer. Many of the cities have done this with a smaller market population and a smaller university community. Ultimately, Springfield can position itself well within its competitive or comparable sets with investments in the right facilities.

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- Cultural Facility
- Park
- Retail
- Restaurants
- Residential
- Warehouse
- Educational

HSP analyzed the site for these uses and scored them based on the site's characteristics, the market and our experience and judgment. Weight was not given to one factor over another. The highest score possible is 100.

Table 9-1

	Site Factors (Ranked 1 - 10, 10 is Highest)*										
	Full-Service Hotel	Expo Center Expansion	Limited-Service Hotel	Restaurants	Retail	Office	Cultural	Park	Residential	Education	Warehouse
Site Size	8	8	9	9	8	8	8	7	8	4	2
Access	7	7	7	7	6	7	8	7	8	7	3
Visibility	7	7	7	7	6	7	7	7	7	7	5
Complimentary Uses	10	10	9	7	5	6	6	5	3	3	1
Leverage for Future Development	9	9	7	7	6	5	5	5	3	2	1
Impact on Existing Surrounding	10	9	8	6	5	4	6	5	2	2	0
Tax Generation	10	4	8	7	7	7	1	0	7	1	3
Tourism Impact	10	9	7	6	4	1	4	2	1	0	0
Market Support	7	7	8	6	4	4	3	5	4	1	2
Need/Opportunity	10	10	7	7	4	5	4	4	2	1	2
Total	88	80	77	69	55	54	52	47	45	28	19
Rank	1	2	3	4	5	6	7	8	9	10	11
* If a factor is not applicable, a score of 5 was given. Source: HSP											

As shown, the scores ranged from 19 to 88, with the full-service hotel ranked highest, followed by the Expo Center expansion. A limited service hotel and restaurants followed. There were five uses

that scored from 45 to 55 points, which suggests they would be marginally helpful on this site and/or the site would be a fair site for these uses, but not exemplary. Two uses scored below 30: education and warehouse. Education scored badly because it would not have a significant or positive impact on the surrounding uses, would not generate other development or tax revenue.

The full-service hotel scored highest because of the impact on the surrounding uses: the Expo Center and the University Plaza. While it may seem that a new hotel would hurt an existing hotel, the critical mass of rooms near a meeting facility is actually helpful to most hotels as it creates a destination for larger meetings, groups and activity generally. Currently the University Plaza is the only hotel adjacent to the Expo Center parcel and this is one reason it has difficulty supporting the Expo Center – it is generally on its own. Without an injection of new group activity, the University Plaza could decline to a poor hotel that weighs down the market and the area. In addition, the hotel will generate tax revenue and jobs as well as expand tourism in the area, likely more than any other use on the site. Also, it would contribute to the CID, which would help pay off the Expo Center and lessen the burden on the other taxed parcels.

The **Expo Center expansion** scored second highest as it is extremely complimentary to the existing surrounding uses: the Expo Center, parking and the University Plaza. An expansion of this facility will benefit these other uses as well as the existing Expo Center. While it will not create real estate tax revenue, it will generate room nights, which creates jobs, sales, income and hotel taxes. If another use is built on that site, it will make future expansion extremely difficult. Expanding the center here will be a potential use for decades to come and land banking should be considered to preserve that opportunity.

A **limited-service hotel** ranked third highest in the analysis. Unlike a full-service hotel, it will not provide what most meeting planners want, which is a combination of rooms and full-service amenities. While full-service/limited-service hybrids have been successfully developed and that may be an opportunity here, a true limited-service hotel with little meeting space and limited food will not help the community and the Expo Center market itself to groups like a full-service hotel, even if the room count is the same. However, its lower cost could allow more financial feasibility, which allowed this option to score high.

Restaurants scored the fourth highest due to their ability to support tourism, taxes and the existing uses. This is a recommended use near the Expo Center regardless of specific parcel because users of the Expo Center and University Plaza want dining options. Overall, this is a popular choice but can be incorporated in smaller or various options in the adjacent parcels (or as part of another development, like a hotel or office) and serve the same purpose.

Retail, Office and Cultural uses all scored within a few points of each other but for various reasons. Retail of that size would generally require more access and visibility to be successful, while smaller, novelty and convenience (Kinko's, etc.) retail would make more sense as a supportive use for the existing uses nearby. An office development could work there, although there is nothing especially compelling about the site other than the adjacent parking and hotel across the street. It is not a bad use, nor is it a great use. A cultural facility would have some benefit to the area and surrounding uses, but would not generate many taxes nor is it necessarily feasible (this depends highly on the specific user).

Given that the current uses surrounding the site are focused on meetings, events and hotels and the limited land available for development around these uses, a primary question must be asked: what limits would be put on the Expo Center and University Plaza Hotel if a non-supportive use was developed? The public and private sectors have invested millions in these facilities and would like to see them succeed. By locking down adjacent land for non-related/non-supportive uses, the community would be effectively shutting the door on expansion of the meeting and hotel complex it has begun to develop. Having studied a number of convention, exposition and hotel centers in downtowns, the ability to expand and improve the complex is a key strategy leading to long-term success.

Site decisions should consider the “first, do no harm” adage. While the site may be supportive of an office building or a few restaurants, if it precludes future expansion and improvement of the Expo Center or a hotel that would enhance its performance, then a non-meetings related use may cause future harm to the Expo Center and University Plaza by locking them into their current footprints. A park can be a good temporary use if the timing of financing and/or a better use are not feasible today. Temporary parks have been used many times due to such considerations. If the future of the Expo Center and University Plaza were not put at risk by the development of non-supportive uses, much additional analysis would have been conducted on other uses. However, that is not the case and such analysis is not necessary. Simply put, the development of any non-supportive use will limit the existing developments’ success, leaving few options for improvement to the competitive goals of Springfield.

An office development or other non-hotel or meeting facility use would eliminate many of the options for improvement of the existing facilities that would allow Springfield to be competitive. Our recommendation is that the site be used either as expansion space for the Expo Center and/or for development of a second full-service hotel. Ultimately, both are needed, however the greatest need is for a hotel. Re-programming of the existing Expo space can accomplish the changes necessary to make the facility competitive for many functions. This can be accomplished via a teardown of the Sears space to make way for a high-quality ballroom and meeting rooms.

Ultimately, the community should be land banking and master planning for future expansions of the Expo Center and hotel infrastructure, not to mention supportive restaurants. While the ‘puzzle pieces’ may be arranged in various ways to accomplish the recommended improvements, the land available is limited to the vacant parcels, underused areas (Sears space) and surface parking. The recommendations in the next chapter will suggest a solution to optimize Springfield’s competitiveness, however those improvements and changes can be arranged physically in a variety of ways to accomplish the goal of providing planners with the facilities and connectivity they require and that the competition already offers.

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RECOMMENDATIONS

The purpose of this report was initially to determine how best to develop the adjacent land to the east of the Expo Center. However, in order to best understand the context of the land-use decision, the stakeholders requested a competitiveness analysis as well as a review of the current facility and operations of the Springfield Expo Center.

Having completed the review of the facility, the competitive marketplace, comparable communities and facilities, the meetings and conventions industry and Springfield's position within the competitive market, HSP can make recommendations about all of the issues raised during the study.

First, it is helpful to profile the strengths, weaknesses, opportunities and threats regarding Springfield's competitiveness as well as the needs identified by the analysis.

Strengths

Springfield has a number of strengths that make the meetings and events industry a worthwhile market.

- **Population Center.** Springfield is the third-largest population center in the state of Missouri and as such, it creates its own demand for meetings and events. These should be serviced locally by a facility that can accommodate local community and corporate needs.
- **Corporate Center.** Springfield has a number of corporations that require meeting and event facilities and as stated above, the community should have facilities that service these.
- **University.** Having Missouri State University in the community and very near to the Expo Center is a major benefit to the market. This provides a continuous flow of economic activity as well as student and faculty activity in the downtown area. It also provides a steady stream of event demand for local facilities.
- **Attractions.** Springfield is home to a number of tourist attractions, chief among them is the largest Bass Pro Shop in the world, and its headquarters. Yet it also features Missouri State athletics, historic sites, professional sports and other activities, like concerts and theater. It is also a gateway to Branson and benefits from that community's popularity as a tourist center.
- **Existing Facilities.** While not perfect, the existing facilities offered by Springfield include the Expo Center, University Plaza Hotel and Convention Center and a number of other group and select service hotels. These form a base of facilities that the community can improve upon and that already generate a steady level of business. The exhibit space in the Exposition Center and the pre-function areas are very well appointed. The function space at the University Plaza Hotel and Convention Center is also well appointed.

- **Convention & Visitors Bureau.** The local CVB is very strong and is praised by its peers for its leadership, tracking of data and general strength as a community stakeholder. It will be a positive partner in any forward movement of facilities or related improvements.
- **John Q Hammons Headquarters.** Having the headquarters of the John Q. Hammons Hotel and Resorts near the site can be a strength. The company has shown its civic commitment in the past by making investments in the community as well as a significant number of philanthropic initiatives. Hammons owns the parking garage adjacent to the site in question and has made efforts to develop a hotel on the site in question. Hammons also manages the Expo Center and a number of the competitive set of hotels, both locally and in the region. By being located locally, it should be more likely that the company will take an interest in the long-term success of Springfield.
- **City Leadership.** The City has been an active participant in the development of the Expo Center area, downtown and the surrounding area. It is interested in the success of the area and should act as an ongoing partner in the strategy to develop the Expo area and downtown.
- **Downtown.** The downtown area is generally thriving, despite the usual obstacles to growth in an aging urban core, and improving with new developments and events announced relatively steadily over the years. Its proximity to the Expo Center area is a critical positive factor for future success for the Expo Center. The University's presence is very helpful to the energy necessary to support downtown growth, as students patronize restaurants, retail stores and other uses.

Weaknesses

- **Expo Center.** The current Expo Center is a result of a value-engineered plan that re-used an existing Sears store for exhibit space that is not very attractive to users due to its low ceilings and numerous columns. The planned-for kitchen was never funded and so the facility relied upon outside catering from the University Plaza to service the facility's users. There is no ballroom in the facility and the breakout meeting rooms are very small and few in number. As such, the facility can only hope to accommodate public shows and a handful of other users. High-impact conventions and conferences are not likely to use the facility because it simply does not offer the types of rooms needed by these groups. In addition, the loading docks are not lined up well for efficient logistics.
- **Management Contract.** The current management contract does not serve the community well. While it may seem prudent to have the management company responsible for all net losses, this actually causes the facility to only be used for profitable consumer-type shows and not for high-impact events that may incur an operating loss. By incentivizing the manager to keep the facility closed for all but profitable events, the hotels, restaurants and other beneficiaries of visitor spending have suffered. In addition, the long-term nature of the contract puts the manager in a position of leverage as opposed to the owner of the facility. Having the manager be the

University Plaza is not in itself an issue, however, if the manager is not marketing the facility fully and attempting to maximize its usage, it is not necessarily living up to the spirit of the contract. It is difficult for us to prove either way that the manager has been marketing the facility to the fullest extent, however the current agreement should be a topic of discussion as part of the changes recommended.

- **University Plaza Hotel & Convention Center.** This facility is the largest hotel in the market and performs at very low occupancy levels due to its condition, lack of brand, relatively high rates (given its quality) and apparent lack of marketing. By keeping rates relatively high, it also pushes potential group business to other communities or hotels (or both). The rooms are in need of renovation. While the function space is in good condition, the facility lacks the breakout meeting rooms needed to adequately attract higher rated business. It also should have a physical connection to its own Convention Center, a 25-foot distance. Forcing attendees outside is a weakness.
- **Lack of Proximate Hotels.** The proximate hotel rooms to the Expo Center consist only of the University Plaza and Holiday Inn Select. To even have an ‘average’ package of proximate rooms, a hotel with 240 rooms would need to be added within easy walking distance. To ultimately compete effectively, more proximate rooms should be master planned.
- **Lack of Quality Headquarter Hotels.** There are no other new, large convention hotels in the market to help induce demand to the community. The largest meeting hotels are either not very large in terms of room count, are showing their age despite renovations, have limited function space or a combination of these challenges.
- **Lack of Connectivity.** The Expo Center is not connected to any hotel, as meeting planners demand. It is not connected to any parking facility, which meeting planners request. The University Plaza, as noted above, is not connected to itself. The Expo Center area is not connected to the downtown area and visitors may not even realize the downtown is so close. These connections are possible, but have not been made to date.
- **Reputation.** The community has a reputation in the state for being a bit old-fashioned, part of the buckle of the Bible Belt and perhaps not ‘fresh’ and ‘new,’ despite the number of new developments that have occurred recently. This reputation exists even though the university should put more of a cool, hip and collegiate vibe to the general ambience of the area. This reputation may turn off potential visitors and groups that have not been to Springfield in a number of years.

Opportunities

- **Land.** The vacant land adjacent to the Expo Center is an opportunity to remedy the gaps in facilities exposed by this analysis. The surface parking across the street is also an opportunity for connectivity and infill development. There are other infill opportunities between the Expo Center and downtown, down St. Louis Street.

- **Reputation/Public Relations.** The community has an opportunity to reposition its image to visitors by highlighting the energy generated by the University, the downtown and the many new attractions and amenities of the area. These can be marketed to both families, couples and singles that today may not realize how much Springfield has progressed over the past few years.
- **Improving Economy.** The economy and local hotel performance has been improving, which is a much better context from which to consider new hotel development and improvements to existing properties.
- **Underutilized Space.** The former Sears space in the Expo Center is an excellent site to develop the missing components of a full-service convention center: a ballroom and meeting rooms.
- **Management Contract.** With a change in facilities, a change in the management contract can also be made to better align the document with the mission of the facility.

Threats

- **Increasing Competition.** Currently, Kansas City, St. Joseph and Jefferson City are considering new meeting facilities, new hotels or both – and in the case of Jefferson City, the project has been approved. These developments would push Springfield's competitive position down in the rankings. By not improving, Springfield does not stay static, but in fact would lose ground.
- **Complacency.** If the stakeholders become complacent and do not share a sense of urgency, all of the investments in the Expo Center area will suffer as other communities competitively bypass Springfield.
- **CVB Funding.** With any new facilities, the funding the CVB will be critical and should be considered as part of the expanded facilities. A new hotel onsite will help generate some of this new revenue needed, as will success in the meetings market generally.

Needs

- **Improved Expo Center.** The facility should feature a ballroom, more breakout meeting rooms and an onsite kitchen. Marketing and management of the facility should be improved with a change to the contract that encourages the facility to host more events, even if there is a small loss associated with these additional pieces of business. With the improvements, the facility should be renamed the Springfield Convention Center.
- **Improved University Plaza Hotel & Convention Center.** The facility needs to make improvements in guest room quality and marketing to induce more business. A brand affiliation will help drive this demand. The facility should increase the number of breakout meeting rooms and connect itself to the nearby Convention Center. A connection to the Expo Center is also recommended. Changing the name of the hotel

and the Expo Center to reflect their true offerings, so as not to confuse users, should also be considered.

- **Restaurants.** Dining options visible and walkable from the facilities are necessary to compete with Branson, Kansas City and other competitors.
- **Connection to Downtown.** Downtown is an asset that should be leveraged. Providing visual, signage and other infill connections to downtown is necessary.

Recommendations

If Springfield wants to compete effectively in this market, it will have to make investments in competitive, high-quality facilities. This includes hotels and meeting facilities. Specifically HSP recommends:

- A full-service 200- to 250-room hotel (HSP has assumed 240 rooms) on the site adjacent to the Expo Center to be serviced by the existing parking structure. The hotel must be able to survive on its own (without the aid of the Expo Center), so it does need its own function space (ballroom and meeting rooms) in order to book business consistently.
- A renovation of the Expo Center to a full-service convention center. This will require the addition of a ballroom, meeting rooms and onsite kitchen. New meeting space additions are recommended as a total replacement of the former Sears space (i.e., demolish and rebuild high-quality ballroom and meeting rooms on that site). The current Sears space has low ceilings and multiple columns that make it difficult to use for many types of events and it cannot be renovated to a better use without the total structure being rebuilt, due to the columns. By replacing it with a full-height ballroom (24 feet or more high) of approximately 20,000 square feet and a meeting room block of 14,000 square feet (on two levels), the facility will be fully-functioning yet within its current footprint. It should be renamed the Springfield Convention Center. The gross building size will not change appreciably, but the functionality, marketability and impact it will have will be greatly improved. To service the improved facility, a kitchen is needed onsite.
- The mix of hotel and facilities will not work well if the University Plaza is not upgraded. While the hotel's economics may not provide its owners the incentive to invest in either a brand or the physical quality associated with such a brand, it is necessary for the community to compete. As a result, it is recommended that the plan include an upgrade to the University Plaza to a brand like Embassy Suites, including the associated physical, service and marketing improvements that would provide. The hotel also should be connected to its convention center instead of forcing meeting attendees outside for 25 feet, as is currently the case. Finally, HSP recommends adding meeting rooms to the facility, as it has very few relative to its ballroom and exhibit space. Having viewed this situation elsewhere (as well as the financials associated with the current hotel), the public sector will likely need to partner with Hammons to make this a financially feasible endeavor.

- Springfield will also need to have a pleasing and attractive environment in which to hold meetings and events to compete with the natural beauty or other draws of Springfield's competitors. This means creating an active restaurant, retail and entertainment environment around the Expo Center and hotels and one that also connects people to the downtown area via infill development along St. Louis Street. Currently the downtown is disconnected from the Expo area (despite its proximity). By developing compelling attractions like restaurants, novelty retail and some entertainment on the parking lots between the Expo Center and University Plaza Hotel, Springfield will create an attractive environment for meetings. Removing surface parking may create the need for structured parking for University Plaza. The new, mostly empty parking structure where the CVB is housed should likely service the new hotel. By filling in the surface parking with a critical mass of restaurants and some retail, a physical connection can also be made between University Plaza and the Expo Center, which will improve competitiveness.
- The connection to downtown is important. Creating a strong urban fabric allowing a walkable environment between the Expo Center and the downtown can be enhanced with infill development. One key area where this could be accomplished is the surface parking lot east of the Discovery Center. Developing retail/restaurant space facing St. Louis Street with structured parking behind it will help provide this connection. Other infill development along St. Louis will help connect the Expo area to downtown. With the recommended hotel and other developments around the Expo Center, the private sector may develop these infill opportunities.

HSP does not believe the new hotel or Expo/Convention Center is worth the investment if Springfield does not also create this new restaurant/retail/entertainment environment. The city's competitors from Kansas City and St. Louis to Branson all have this and Springfield will not see adequate results without the 'fun' factor. Absent this, Springfield's only competitive advantage would be price.

The table below shows the recommendations.

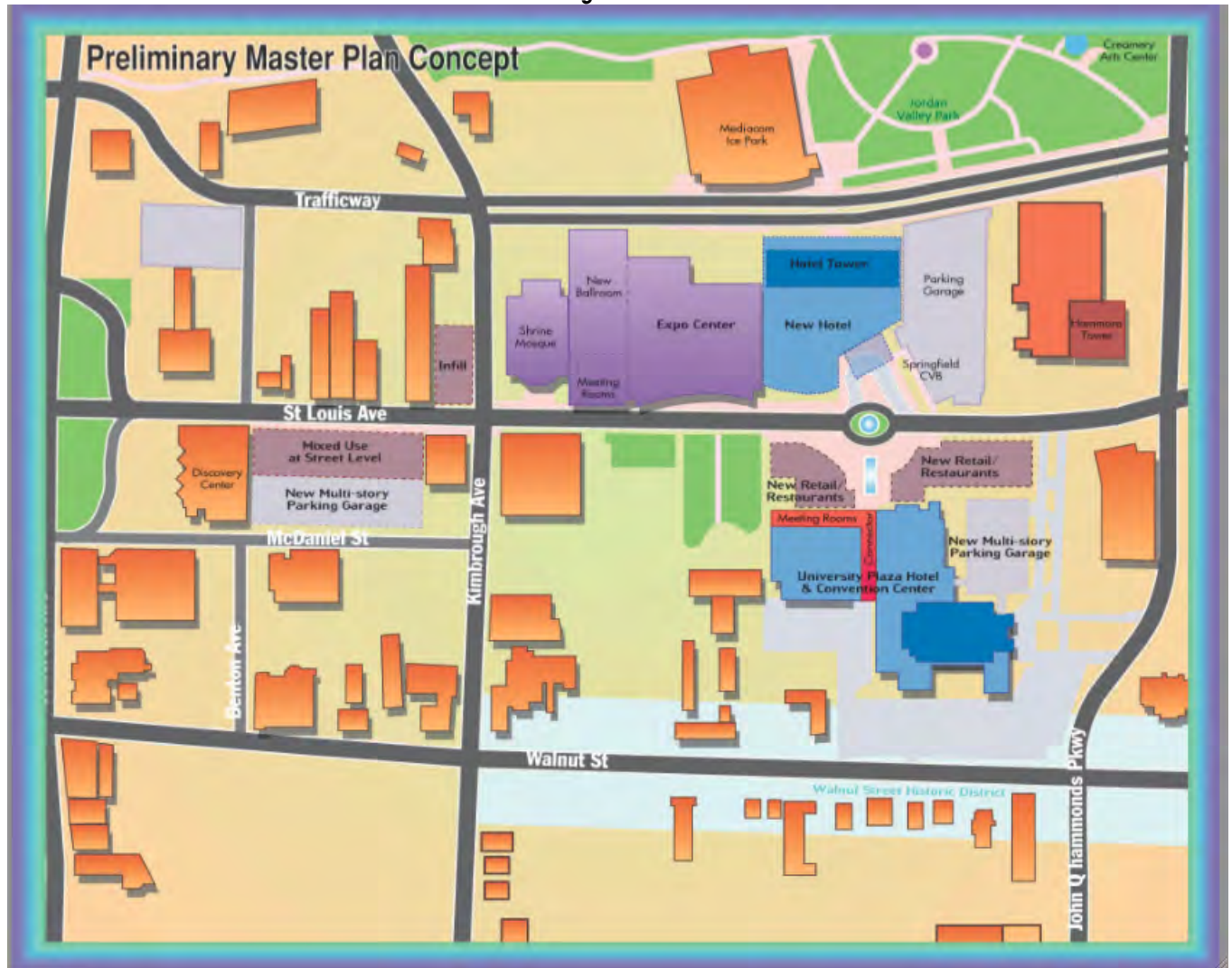
Table 10-1

Recommended Components of Springfield Master Plan			
Facility	Component	Current SF	Recommended SF
Expo Center*	1 Exhibit Hall	44,400	44,400
	1 Trade Center (two levels)	47,000	0
	1 Ballroom	0	20,000
	17.5 Meeting Rooms	3,750	14,000
		95,150	78,400
New Convention Hotel	240 Rooms		
	1 Grand Ballroom	0	9,000
	1 Junior Ballroom	0	4,000
	8 Meeting Rooms	0	6,300
	Total Function Space	0	19,300
University Plaza Hotel & Convention Center	271 Rooms		
	Convention Center*	21,600	21,600
	1 Grand Ballroom	12,800	12,800
	1 Arkansas Room	1,274	1,274
	5 Additional Meeting Rooms	0	4,200
		35,674	39,874
Restaurant, Retail & Entertainment Component	5 Restaurants	0	30,000
	4 Retail	0	14,400
	1 Entertainment	0	15,000
		0	59,400
Restaurant & Retail at Discovery Center Parking	Retail/Restaurant Space with	0	25,000
	Structure Parking behind/above	0	25,000
Total	Hotel Rooms	271	511
	Function Space	130,824	137,574
	Retail, Restaurant & Entertainment	0	84,400
	Total	130,824	221,974

* Recommend Renaming Expo Center to Convention Center. Rename Convention Center to Hammons Hall.
Source: Hunden Strategic Partners

A proposed concept is shown in the figure below, which is simply a concept and *not a recommended development per se*. For example, more investigation of the use of surface parking is needed before a final plan can be made. A more detailed concept plan for the area is recommended and the figure below is meant to foster the next steps of planning and brainstorming.

Figure 10-1



All components of this vision will require public funds, as they have in other markets, especially the Expo expansion. The benefits, however, will not only include a vibrant tourism and meetings market destination for the region, but an enjoyable, compelling place for locals to patronize as the 'heart' of their community. Connecting the Expo Area to downtown will have a large impact on how citizens, students and corporations view themselves, their City and their place in the region.

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PROJECTION OF DEMAND AND FINANCIAL PERFORMANCE

In this chapter, HSP provides estimates of performance for the recommended Events Center (expanded Expo Center) and hotel.

Renovated & Expanded Expo Center (“Events Center”)

In order to understand how a full-service convention facility would perform, other similar facilities were reviewed and their management queried to determine performance. Below is a table showing the facilities considered.

Table 11-1

Comparable Facilities to Proposed Facility						
City	Facility Name	Total Function Space	Exhibit Space	Total Ballroom	Meeting Room Space	Meeting Rooms*
Lexington, Kentucky	Lexington Conv. Ctr.	111,559	66,000	23,575	21,984	12
Amarillo, Texas	Amarillo Civic Center	107,600	43,575	30,925	33,100	9
Syracuse, New York	OnCenter Complex	86,990	65,250	14,880	6,860	10
Covington, Kentucky	Northern Kentucky Conv. Ctr.	82,168	46,080	22,800	13,288	17
Fort Wayne, Indiana	Grand Wayne Conv. Ctr.	81,360	50,000	16,000	15,360	8
Springfield, Massachusetts	MassMutual Conv. Ctr.	79,500	40,000	15,000	24,500	12
Dalton, Georgia	Northwest Georgia Trade Ctr.	65,300	45,500	10,800	9,000	18
Evansville, Indiana	The Centre	63,496	38,000	13,400	12,096	12
Niagara Falls, New York	Niagara Falls Conv. Ctr.	62,200	32,200	10,500	19,500	15
Sioux Falls, South Dakota	Sioux Falls Conv. Ctr.	60,692	33,600	16,800	10,292	12
South Bend, Indiana	Century Centre	58,147	24,472	16,640	17,035	28
St. Charles, Missouri	St. Charles Conv. Ctr.	56,345	27,600	22,225	6,520	18
Averages		76,280	42,690	17,795	15,795	14
Springfield, MO (with Sears Space)	Springfield Expo Center	92,150	88,400	-	3,750	6
Springfield, MO (w/out Sears Space)	Springfield Expo Center	48,150	44,400	-	3,750	6
Proposed	Springfield Conv. Ctr.	76,400	44,400	18,000	14,000	18
* Not including ballroom divisions						
Source: Individual Facilities, HSP						

The facilities range in size from 56,000 square feet of total function space to nearly 112,000 square feet. The average is essentially the same as the proposed Springfield Convention or Events Center. The amount of exhibit, ballroom and meeting room space is also similar to the average of the group.

While performance figures cannot be shown for all facilities, HSP interviewed management to get figures and derived averages for number of events, attendance, average event size and revenue. The average figures are shown in the following table.

Table 11-2

Statistics for Comparable Facilities (Averages)	
Total Annual Events	296
Total Annual Attendance	162,088
Average Attendance per Event	548
Total Revenue	\$2,298,167
Average Revenue per Event	\$7,768
Average Revenue per Attendee	\$14.18
Source: HSP, Respective Facilities	

The total annual average number of events is nearly 300, with most as meetings and banquets. Total annual attendance averages more than 160,000 and average nearly 550 per event. Total revenue averages \$2.3 million and the revenue per event is nearly \$8,000. Per attendee revenue is approximately \$14.

The comparable facilities and the local market were considered when making projections for the recommended facility. The table below summarizes the projected event demand for the Events Center in Springfield.

Table 11-3

Springfield, MO Convention Center Event Demand Summary										
Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions and Trade Shows	15	17	19	20	21	21	21	21	21	21
Consumer Shows	21	22	23	24	24	24	24	24	24	24
Sports/Entertainment Events	5	6	7	7	8	8	8	8	8	8
Sub-total Exhibit Hall	41	45	49	51	54	54	54	54	54	54
Non-Exhibit										
Corporate Events and Conferences	17	19	21	23	25	25	25	25	25	25
Banquets & Meetings	48	50	53	56	58	58	58	58	58	58
Meeting Room Events	110	116	121	127	134	134	134	134	134	134
Sub-total Non-Exhibit	175	185	195	206	217	217	217	217	217	217
Total	216	230	244	257	271	271	271	271	271	271
Source: HSP										

The facility is projected to host 216 events in the first year, increasing to 271 events annually by stabilization. The largest events are the fewest and will occur in the exhibit area or in all areas, while the majority of events are smaller and will occur in the meeting and ballroom spaces.

The next table summarizes the projected paid attendance at the Events Center by type of event.

Table 11-4

Event Type	Projected Attendance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Conventions and Trade Shows	6,700	8,000	8,300	8,800	9,300	9,300	9,300	9,300	9,300	9,300
Consumer Shows	42,000	44,000	46,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Sports/Entertainment Events	8,800	10,500	12,300	12,300	14,000	14,000	14,000	14,000	14,000	14,000
Corporate Events and Conferences	6,600	7,300	7,900	8,300	8,900	8,900	8,900	8,900	8,900	8,900
Banquets & Meetings	16,200	18,500	19,400	20,000	20,900	20,900	20,900	20,900	20,900	20,900
Meeting Room Events	37,400	38,800	40,200	42,000	44,900	44,900	44,900	44,900	44,900	44,900
Total All Events	117,700	127,100	134,100	139,400	146,000	146,000	146,000	146,000	146,000	146,000
Source: HSP										

Attendance is projected to increase from 117,700 to 146,000 over the period.

Described below is the financial projection for the events center. The analysis is based on comparable facility operations and HSP's experience.

Revenues include all revenues of the facility that can be used for operations and debt service. Expenses are categorized into two groups: 1) *Fixed operating expenses*, which are incurred regardless of the level of activity at the facility, and 2) *Variable operating expenses*, which are expenses related directly to the operation and demand of the facility that vary depending on the volume of activity. Some expenses have both a fixed and variable component. The center's projection uses inflated dollars and accrual-based accounting, wherein revenues are recognized when they are earned and expenses are recognized when they are incurred. Revenues and expenses are adjusted for inflation at a 3.0 percent annual rate, unless otherwise specified.

Table 11-5

Pro Forma Operating Statement of Revenue and Expenses (\$000's, Inflated)										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue										
Event Revenue										
Space Rental	\$313	\$357	\$386	\$412	\$448	\$457	\$467	\$476	\$485	\$495
Equipment Rental	55	62	68	72	78	80	82	83	85	87
Net Food and Beverage	441	488	522	555	596	608	620	633	645	658
Event Services Income	295	333	355	380	401	409	417	425	434	443
Sub-total	\$1,104	\$1,241	\$1,330	\$1,419	\$1,524	\$1,554	\$1,586	\$1,617	\$1,650	\$1,683
Other Revenue										
Advertising and Sponsorships	25	26	26	27	27	28	28	29	29	30
Sub-total	\$25	\$26	\$26	\$27	\$27	\$28	\$28	\$29	\$29	\$30
Total Operating Revenue	\$1,129	\$1,266	\$1,357	\$1,446	\$1,551	\$1,582	\$1,614	\$1,646	\$1,679	\$1,712
Expenses										
Salaries and Wages	\$460	\$469	\$479	\$488	\$498	\$508	\$518	\$528	\$539	\$550
Employee Benefits	138	141	144	146	149	152	155	159	162	165
Passthrough Labor	104	118	126	135	142	145	147	150	153	157
Maintenance & Repairs	16	24	39	42	47	47	48	49	50	51
Cleaning	57	65	70	75	80	82	83	85	87	89
Utilities	202	211	218	223	229	231	233	234	236	238
Sales and Marketing	75	77	52	53	54	55	56	57	59	60
General and Administrative	157	160	163	166	170	173	177	180	184	187
Insurance	89	91	92	94	96	98	100	102	104	106
Other Operating Expenses	27	28	28	29	30	30	31	32	32	33
Management Fee	50	52	53	55	56	58	60	61	63	65
Reserve For Replacement	21	23	25	27	29	29	30	30	31	32
Total Expenses	\$1,395	\$1,459	\$1,489	\$1,533	\$1,579	\$1,609	\$1,639	\$1,669	\$1,700	\$1,732
Net Operating Income	(\$265)	(\$192)	(\$133)	(\$87)	(\$28)	(\$27)	(\$25)	(\$23)	(\$22)	(\$20)
Debt Service (Estimate)	(\$1,351)	(\$1,351)	(\$1,351)	(\$1,351)	(\$1,351)	(\$1,351)	(\$1,351)	(\$1,351)	(\$1,351)	(\$1,351)
Net Cash Out	(\$1,616)	(\$1,543)	(\$1,484)	(\$1,438)	(\$1,379)	(\$1,378)	(\$1,376)	(\$1,374)	(\$1,373)	(\$1,371)

Source: HSP

The Events Center is projected to gross \$1.1 million in the first year and increase to nearly \$1.6 million by the fifth year of operation. After all expenses are paid, the facility is expected to show a net stabilized loss of under \$100,000 annually. This is based on preliminary estimates and could change with the program and other assumptions about operations. One assumption that is different here is a change in management compensation, from zero currently to \$90,000.

In addition to operating expenses, debt service will be associated with renovation. Assuming a cost of \$17 million at 5.5 percent interest over 22 years, the annual debt service would be \$1.35 million. In total the net cash needed to cover these expenses is from \$1.6 to \$1.37 million annually.

The number of estimated room nights generated from the Events Center is shown in the following table.

Table 11-6

Projected Number of Room Nights Generated from Convention Center in Stabilized Year							
Type of Event	# of Attendees	% of Attendees from Out of City	Average Event Length	Average Length of Stay	Total Person Days	Total Out of City Person Days	Total Room Nights
Conventions and Trade Shows	9,345	90%	3.3	2.3	36,770	33,093	17,560
Consumer Shows	48,000	3%	2.0	0.1	134,400	4,032	3,200
Corporate Events and Conferences	8,930	90%	1.0	0.8	10,979	9,881	6,270
Banquets & Meetings	20,850	20%	1.0	0.1	29,518	5,904	80
Meeting Room Events	44,879	40%	0.6	0.2	31,216	12,486	1,440
Sports/Entertainment Events	14,000	50%	2.9	1.7	40,000	20,000	1,520
Total	146,004				282,883	65,396	30,070

Source: HSP

The Project is expected to generate as many as 30,000 room nights to the market annually, compared to the 5,000 or so it currently generates. Most will be from conventions, conferences and trade shows.

Hotel

The recommended convention hotel is suggested to have 240 rooms, a grand ballroom, junior ballroom, meeting rooms and restaurants.

The following table shows the estimated growth of each market segment from 2012 through 2017 (the stabilized year) for the competitive set.

Table 11-7

Estimated Competitive Set Demand Growth by Segment												
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2012	191,234	1.0%	116,865	1.0%	46,038	1.0%	354,137	1.0%	595,680	1.3%	1,632	59.5%
2013	193,146	1.0%	118,034	1.0%	46,498	1.0%	357,679	1.0%	595,680	0.0%	1,632	60.0%
2014	195,078	1.0%	119,214	1.0%	46,963	1.0%	361,255	1.0%	595,680	0.0%	1,632	60.6%
2015	198,004	1.5%	133,520	12.0%	47,668	1.5%	379,192	5.0%	683,280	14.7%	1,872	55.5%
2016	200,974	1.5%	144,202	8.0%	48,240	1.2%	393,415	3.8%	683,280	0.0%	1,872	57.6%
2017	202,984	1.0%	151,412	5.0%	48,722	1.0%	403,118	2.5%	683,280	0.0%	1,872	59.0%

Source: HSP

With the addition of the proposed hotel assumed in 2015, the group market is expected to expand from its current base. The other market segments are projected to increase at modest levels.

The table below shows the estimated market penetration of the proposed hotel, based on how the hotel will penetrate various markets.

Table 11-8

Estimated Market Penetration of Proposed Hotel						
Year	Corporate Transient	Group	Leisure	Total Penetration	Projected Set Occupancy	Subject Occupancy
2015	85%	160%	60%	108%	55.5%	60.1%
2016	87%	170%	65%	115%	57.6%	66.1%
2017	90%	175%	70%	120%	59.0%	70.5%
2018	90%	175%	70%	120%	59.0%	70.5%
2019	90%	175%	70%	120%	59.0%	70.5%
2020	90%	175%	70%	120%	59.0%	70.5%
2021	90%	175%	70%	120%	59.0%	70.5%
2022	90%	175%	70%	120%	59.0%	70.5%
2023	90%	175%	70%	120%	59.0%	70.5%
2024	90%	175%	70%	120%	59.0%	70.5%

Source: HSP

The hotel is expected to primarily cater to the conference, meetings and corporate transient market and should penetrate those markets at high rates. Overall, the hotel is expected to penetrate the competitive set at 120 percent (occupancy) by stabilization, leading to a stabilized occupancy of 70.5 percent.

The following table shows the estimated demand for the proposed hotel based on the penetration rates established above.

Table 11-9

Projected Demand for Proposed Hotel												
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2015	21,577	--	27,389	--	3,667	--	52,633	--	87,600	--	240	60.1%
2016	22,416	3.9%	31,429	14.8%	4,020	9.6%	57,865	9.9%	87,600	0.0%	240	66.1%
2017	23,421	4.5%	33,971	8.1%	4,372	8.8%	61,764	6.7%	87,600	0.0%	240	70.5%
2018	23,421	0.0%	33,971	0.0%	4,372	0.0%	61,764	0.0%	87,600	0.0%	240	70.5%
2019	23,421	0.0%	33,971	0.0%	4,372	0.0%	61,764	0.0%	87,600	0.0%	240	70.5%
2020	23,421	0.0%	33,971	0.0%	4,372	0.0%	61,764	0.0%	87,600	0.0%	240	70.5%
2021	23,421	0.0%	33,971	0.0%	4,372	0.0%	61,764	0.0%	87,600	0.0%	240	70.5%
2022	23,421	0.0%	33,971	0.0%	4,372	0.0%	61,764	0.0%	87,600	0.0%	240	70.5%
2023	23,421	0.0%	33,971	0.0%	4,372	0.0%	61,764	0.0%	87,600	0.0%	240	70.5%
2024	23,421	0.0%	33,971	0.0%	4,372	0.0%	61,764	0.0%	87,600	0.0%	240	70.5%

Source: HSP

The table below shows the estimated market segmentation for the proposed hotel versus the competitive set.

Table 11-10

Projected Hotel Stabilized Demand Mix vs. Comp Set		
Segment	Hotel at Stabilization	Comp Set
Corporate	38%	50%
Group	55%	38%
Leisure	7%	12%
Total	100%	100%
Source: HSP		

The proposed hotel is projected to generate 55 percent of its room nights from the group market, 38 percent from the corporate transient market and only seven percent from the leisure market.

The following table shows the projection of the proposed hotel's average daily rate compared to the average daily rate of the competitive set.

Table 11-11

Average Daily Room Rate Projections					
Year	Comp. Set ADR	Annual Increase	Hotel Rate Penetration	Projected Hotel Rate	Annual Increase
2005	\$80	--			
2006	\$83	3.8%	--	--	--
2007	\$89	6.4%	--	--	--
2008	\$92	4.0%	--	--	--
2009	\$89	-3.4%	--	--	--
2010	\$87	-2.3%	--	--	--
2011	\$87	0.2%	--	--	--
2012	\$87	1.0%	--	--	--
2013	\$88	1.5%	--	--	--
2014	\$90	1.8%	--	--	--
2015	\$95	6.0%	136%	\$129	--
2016	\$101	5.5%	135%	\$136	4.8%
2017	\$106	5.0%	134%	\$142	4.7%
2018	\$109	3.0%	134%	\$146	3.0%
2019	\$112	3.0%	134%	\$151	3.0%
2020	\$116	3.0%	134%	\$155	3.0%
2021	\$119	3.0%	134%	\$160	3.0%
2022	\$123	3.0%	134%	\$165	3.0%
2023	\$126	3.0%	134%	\$170	3.0%
2024	\$130	3.0%	134%	\$175	3.0%

Source: HSP

The proposed hotel is projected to have a higher than average rate (136 percent rate penetration, similar to the new Hilton Garden Inn), due to its quality and amenities. Based on this, the average daily rate at the hotel is projected at \$129 in the first year.

The next table shows the summary of occupancy and rate for the proposed hotel.

Table 11-12

Performance Projections				
Year	Average Daily Rate	Occupancy	Revenue per Available Room	Annual Increase
2015	\$129	60%	\$78	--
2016	\$136	66%	\$90	15.2%
2017	\$142	71%	\$100	11.8%
2018	\$146	71%	\$103	3.0%
2019	\$151	71%	\$106	3.0%
2020	\$155	71%	\$109	3.0%
2021	\$160	71%	\$113	3.0%
2022	\$165	71%	\$116	3.0%
2023	\$170	71%	\$120	3.0%
2024	\$175	71%	\$123	3.0%

Source: HSP

Understanding how the hotel will perform internally is as important to the feasibility as the external occupancy and rate projections. The next table shows the performance of the proposed hotel.

Table 11-13

Projection of Income & Expense: 240-Room Hotel - (in \$000, inflated)											
	Year 1				Year 2	Year 3	Year 4	Year 5		Year 10	
Room Count	240				240	240	240	240		240	
Available Room Nights	87,600				87,600	87,600	87,600	87,600		87,600	
Occupancy Rates	60%				66%	71%	71%	71%		71%	
Occupied Room Nights	52,633				57,865	61,764	61,764	61,764		61,764	
Average Daily Rate	\$129				\$136	\$142	\$146	\$151		\$175	
RevPAR	\$78				\$90	\$100	\$103	\$106		\$123	
Percent of Change from Prior Year	--				15.2%	11.8%	3.0%	3.0%		3.0%	
	\$	%	PAR	POR	\$	\$	\$	\$	%		
REVENUE											
Rooms	\$6,810	65.6%	\$28,374	\$129	\$7,845	\$8,770	\$9,033	\$9,304	65.0%	\$10,786	64.7%
Hotel Food and Beverage	2,741	26.4%	\$11,419	\$52	3,191	3,605	3,752	3,865	27.0%	4,480	26.9%
Telephone	52	0.5%	\$216	\$1	60	67	69	72	0.5%	83	0.5%
Other Operated Departments	426	4.1%	\$1,773	\$8	492	551	570	587	4.1%	680	4.1%
Parking & Transportation	104	1.0%	\$434	\$2	120	135	139	143	1.0%	166	1.0%
Rentals and Other Income	249	2.4%	\$1,038	\$5	288	323	334	344	2.4%	466	2.8%
Total Revenue	\$10,381	100.0%	\$43,255	\$197	\$11,995	\$13,451	\$13,897	\$14,314	100.0%	\$16,662	100.0%
DEPARTMENTAL EXPENSES											
Rooms	\$2,002	29.4%	\$8,342	\$38	\$2,150	\$2,324	\$2,394	\$2,466	26.5%	\$2,858	26.5%
Hotel Food and Beverage	2,083	76.0%	\$8,678	\$40	2,393	2,704	2,777	2,860	74.0%	3,315	74.0%
Telephone	57	110.0%	\$238	\$1	66	74	76	79	110.0%	91	110.0%
Other Operated Departments	19	4.5%	\$80	\$0	17	19	20	21	3.5%	24	3.5%
Parking & Transportation	33	27.0%	\$139	\$1	32	34	35	36	25.0%	41	25.0%
Rent and Other Income	15	6.0%	\$62	\$0	14	16	17	17	5.0%	23	5.0%
Total Departmental Expenses	\$4,209	40.5%	\$17,539	\$80	\$4,673	\$5,171	\$5,318	\$5,478	38.3%	\$6,354	38.1%
Gross Operating Income	\$6,172	59.5%	\$25,716	\$117	\$7,323	\$8,280	\$8,579	\$8,836	61.7%	\$10,308	61.9%
UNDISTRIBUTED OPERATING EXPENSES											
Administrative and General	\$893	8.6%	\$3,720	\$17	\$972	\$1,022	\$1,042	\$1,074	7.5%	\$1,250	7.5%
Marketing	\$820	7.9%	\$3,417	\$16	\$888	\$955	\$973	\$1,002	7.0%	\$1,166	7.0%
Utility Costs	\$540	5.2%	\$2,249	\$10	\$564	\$592	\$611	\$630	4.4%	\$733	4.4%
Property Operations and Maintenance	\$529	5.1%	\$2,206	\$10	\$552	\$578	\$598	\$616	4.3%	\$716	4.3%
Total Undistributed Expenses	\$2,782	26.8%	\$11,592	\$53	\$2,975	\$3,148	\$3,224	\$3,321	23.2%	\$3,866	23.2%
Gross Operating Profit	\$3,390	32.7%	\$14,123	\$64	\$4,348	\$5,133	\$5,355	\$5,515	38.5%	\$6,443	38.7%
FIXED EXPENSES											
Property Taxes	\$0	0.0%	\$0	\$0	45	59	71	74	0.5%	87	0.5%
Insurance	166	1.6%	\$692	\$3	180	188	195	200	1.4%	233	1.4%
Management Fee	363	3.5%	\$1,514	\$7	420	471	486	501	3.5%	583	3.5%
Reserve for Replacement	\$208	2.0%	\$865	\$4	\$360	\$538	\$556	\$573	4.0%	\$666	4.0%
Total Fixed Expenses	\$737	7.1%	\$3,071	\$14	\$1,005	\$1,256	\$1,308	\$1,348	9.4%	\$1,570	
Cash Flow from Operations	\$2,653	25.6%	\$11,052	\$50	\$3,343	\$3,876	\$4,047	\$4,167	29.1%	\$4,873	29.2%

Source: HSP

The property is projected to generate a total of \$10.4 million in gross revenue in the first year, increasing to \$14.3 million in the fifth year. Approximately \$2.6 million will be available to satisfy debt and equity requirements in the first year. By the fifth year the hotel is projected to generate \$4.2 million in net operating income.

The table below shows the supportable equity and debt, assuming loan rates, amortization periods, equity return requirements, debt coverage ratios and a development cost of \$160,000 per room.

Table 11-14

Financing Assumptions - 240-Room Convention Hotel												
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$0	\$0	\$2,653	\$3,343	\$3,876	\$4,047	\$4,167	\$4,335	\$4,463	\$4,596	\$4,741	\$4,873
Interest and Debt Reserve W/D	\$368	\$1,103	\$200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Payment	(\$368)	(\$1,103)	(\$1,982)	(\$1,982)	(\$1,982)	(\$1,756)	(\$1,756)	(\$1,756)	(\$1,756)	(\$1,756)	(\$1,756)	(\$1,756)
Net Income to Repay Equity	\$0	\$0	\$870	\$1,361	\$1,894	\$2,291	\$2,411	\$2,579	\$2,707	\$2,840	\$2,985	\$3,117
Princ. Amount***	\$5,250	\$15,750	\$21,000	\$20,488	\$19,940	\$19,350	\$18,852	\$18,321	\$17,756	\$17,154	\$16,512	\$15,830
Interest	\$368	\$1,103	\$1,470	\$1,434	\$1,396	\$1,258	\$1,225	\$1,191	\$1,154	\$1,115	\$1,073	\$1,029
Less Payment	(\$368)	(\$1,103)	(\$1,982)	(\$1,982)	(\$1,982)	(\$1,756)	(\$1,756)	(\$1,756)	(\$1,756)	(\$1,756)	(\$1,756)	(\$1,756)
Loan Balance	\$5,250	\$15,750	\$20,488	\$19,940	\$19,353	\$18,852	\$18,321	\$17,756	\$17,154	\$16,512	\$15,830	\$15,102
Assumptions												
Loan Amount (\$000's)	\$21,000											
Amortization Period (Years)	20											
Loan Interest Rate	7.0%											
Annual Debt Service Payment (\$000's)	(\$1,982)											
Equity:												
Developer's Equity (\$000's)	\$7,000	18%										
Private Debt	\$21,000	55%										
Total Private Financing	\$28,000	73%										
Public Gap Subsidy	\$10,400	27%										
Project Amount (\$000's)	\$38,400	100%	\$160,000	per room								
Debt (Private) Coverage Ratio			1.44	1.69	1.96	2.30	2.37	2.47	2.54	2.62	2.70	2.77
Return on Private Equity*			12.4%	19.4%	27.1%	32.7%	34.4%	36.8%	38.7%	40.6%	42.6%	44.5%
Return on Assets**			6.9%	8.7%	10.1%	10.5%	10.9%	11.3%	11.6%	12.0%	12.3%	12.7%
*On developer's equity only.												
**On project cost.												
***Assumes 50% draw in Construction Year 1; 75% average during Construction Year 2												
Source: HSP												

Assuming a cost of \$160,000 per room, the project would cost \$38.4 million and the project's cash flows could support equity and debt equal to \$28 million. This leaves a gap of approximately \$10 million that the public sector would need to fill. It is possible that the project could be built for less money, depending on commodity prices, finishes, quality, etc.

University Plaza

It is expected that if the University Plaza renovates its rooms and expands its meeting rooms, as well as branding with a major full-service brand, it will perform much better than it has in the past. It is recommended that additional analysis be conducted on this scenario to determine supportable investment in the improvements. Because the amount of investment and quality of renovation could vary greatly, this projection of performance is recommended as a next step.

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COST AND FINANCING ESTIMATE

As a very preliminary exercise, HSP estimated the costs associated with each of the recommended primary elements. These costs were broken down into the amounts that would likely need to be borne by the public sector and the amount supportable by the private sector.

In general, **convention facilities** are publicly owned because they operate at a loss annually, so they do not make wise investments for the private sector. However, because these facilities induce group demand to the market, they create hotel room stays, meals at restaurants, retail spending, etc. and support many jobs and therefore rationalize the public's investment in these facilities. Hotels and restaurants are the primary beneficiaries of convention facilities, but all travel related business benefit, generating significant sales tax revenue within the local community.

Hotels are generally private enterprises, however in the case of convention headquarter hotels, they are often public-private ventures, with the public filling a gap caused by the fact that the hotels are usually oversized for the market, over-improved for the market and have more function space and restaurant areas than the market would generally support. This is to help the convention facility induce the larger groups that require these amenities and large room blocks. In general, these facilities have been shown to lead to more usage of the convention center. In cities where there is a lack of convention hotel rooms nearby, the convention center has suffered. To be in the meetings business today and in the future, the convention facility and hotels must be in balance. Currently Springfield has 8.8 rooms per 1,000 square feet of exhibit space. It should essentially double this count to be at an optimal level. Because the market will support the development of a 120-room select/limited service hotel, but not a 240-room full-service hotel, the public must cover the difference.

In the case of supportive **restaurants and retail outlets** to service the meetings, groups and events, these can often be privately financed, depending on the amount of business provided in the area. If the restaurants will only be busy when a group is in town (because the area is not generally busy with diners/shoppers at other times due to lack of demand generators), then the development will likely need support from the public. In this case, there are some demand generators nearby, including office buildings, the courthouse and hotels, plus downtown is nearby as well. However, it is not clear that the site across from or adjacent to the Expo Center will be completely feasible for restaurants and novelty retail without some assistance from the public sector.

Below is a table showing the estimated cost range and public/private support for the various recommended components.

Table 12-1

Preliminary Cost Estimate for Recommended Components						
Facility	Low Cost Range	High Cost Range	Public Cost (Low Range)	Private Cost (Low Range)	Public Cost (High Range)	Private Cost (High Range)
Expo Center & Ped Connection	\$10,200,000	\$17,000,000	\$10,200,000 100%	\$0 0%	\$17,000,000 100%	\$0 0%
New Convention Hotel	\$31,200,000	\$42,000,000	\$5,200,000 17%	\$26,000,000 83%	\$16,000,000 38%	\$26,000,000 62%
University Plaza Hotel & Structured Parking	\$13,000,000	\$18,000,000	\$3,500,000 27%	\$9,500,000 73%	\$8,500,000 47%	\$9,500,000 53%
Restaurant, Retail & Entertainment Component	\$14,850,000	\$20,790,000	\$1,782,000 12%	\$13,068,000 88%	\$7,722,000 37%	\$13,068,000 63%
Restaurant & Retail at Discovery Center Parking	\$8,750,000	\$11,250,000	\$3,750,000 43%	\$5,000,000 57%	\$6,250,000 56%	\$5,000,000 44%
Total	\$78,000,000	\$109,040,000	\$24,432,000 31%	\$53,568,000 69%	\$55,472,000 51%	\$53,568,000 49%

Source: Hunden Strategic Partners

While there are many decisions to be made about what gets developed, redeveloped or otherwise, it is helpful to understand the potential costs involved. For the Expo Center renovation, it is expected that the costs to raze the Sears portion and replace it with a ballroom, meeting rooms and a kitchen will cost between \$10 million and \$17 million. This is the largest single component of potential public cost, as it will all need to be funded publicly. The new convention hotel, assumed as 240 rooms, should be able to garner \$26 million in private sector support through equity and debt commitments. The remainder, depending on the cost of the project, will need to come from the public sector. This could range from as little as \$5 million to \$16 million. The proposed restaurant, retail and entertainment amenities could range in cost from \$15 million to \$21 million, assuming a 60,000-square-foot development. The Discovery Center parking lot infill concept could cost from \$9 million to \$11 million, due to the construction of structured parking.

If the community had to prioritize the projects, HSP recommends improving the Expo Center first and changing the management contract.

Other Options

If the community is reticent to spend the funds needed for a full-service set of facilities that would position it for success, it has a secondary option: it can opt to connect the Expo Center to the University Plaza, connect the University Plaza to itself and work to attract a hotel (likely limited service) to the site in question. The connections and improvements would likely cost just a few million dollars and the limited service hotel would require a minimal subsidy. The pros to this approach include an extremely limited public investment, yet an improvement in the package provided for events. However, this benefit would accrue almost solely to the University Plaza and if a limited service hotel is built, to it.

Regardless what the City determines is best, the current situation is benefiting no entity, including the University plaza, tourism, the CVB, tax generation nor the reputation of the City. Action should be taken, either toward a minimalist solution that will likely limit future opportunity, but help solve some marketability issues, or toward a more comprehensive approach that can be phased or enacted at once.

HOTEL FINANCING OPTIONS

Convention hotels, unlike most commercial real estate development projects, typically are not feasible for private sector developers working through conventional lenders. The reasons for this include the large amount of function space, food and beverage outlets and other amenities, which do not generate profits like pure hotel rooms (hence the popularity of limited-service hotels). In addition, the hotels are sized to accommodate large groups, not the day-to-day needs of the market. This can leave many rooms vacant for much of the year, which is why function space and other amenities are also still necessary. The result is that even in very strong hotel markets, such as San Diego, Boston, and San Antonio, the public sector has ultimately played a leading role in bringing such projects to fruition. In many cases public involvement occurs after many years of failed efforts by the public sector to offer free land or minimal incentives via a developer RFP process. The risks are just too great for developers and their lenders.

Yet the hotel projects are necessary to maximize the use of convention centers. With convention centers typically one of the largest non-transport-related public investment projects, the public has an incentive to generate positive economic returns in the form of spending, new tax revenues, increased employment and an improved destination profile. Such hotels, despite their risk, still provide net positive economic returns and employment to communities. They also tend to put immediate upward pressure on the physical quality and service levels of surrounding hotels, which has a longer-term positive impact on average daily rate strength. All of these results, which initially can impose stress on a hotel submarket, eventually (within 2 – 3 years) pay off in a new, significantly higher level of demand, quality, and total revenue. In short, these investments are seen as worth finding ways for the public to fill the financing gap.

Ownership Scenarios

The two ownership scenarios are:

- A privately owned model with public assistance to fill the gap.
- A tax-exempt bond structure where a new entity is created to own the hotel on behalf of the public sector.

Both models have numerous historical examples of success.

Private Ownership Analysis with Public Participation

In regard to the private ownership analysis, given today's finance climate, convention hotel quality and program requirements and developer return requirements, it is normal for there to be a significant gap between the economic value of a hotel (which is calculated based on its cash flow) and its cost. This is the case in Springfield. A properly designed convention hotel must be able to accommodate a large number of people all seeking to use the same hotel facilities or services simultaneously. This creates a need for substantial and expensive public spaces that drive up the cost of development. While the hotel needs to be large enough to accommodate conventions, these conventions are not constantly occurring, so often there are large occupancy swings.

Unfortunately, meeting planners are generally unwilling to pay a rate premium that justifies the extra cost, despite the fact that this hotel should be, and often is the rate leader in town. In fact, recognizing the economic impact clout they wield, meeting planners typically demand discounted rates from the headquarters hotel in exchange for putting a convention worth millions of dollars into a community. The result is a net cash flow that does not quite support the total cost to develop the project.

The gap to be filled can and has been filled in a variety of ways by different communities. The tools available vary widely from state to state. In Missouri, convention hotels have been harder for larger cities to finance, while in smaller communities, often a TIF, favorable management contract and free land have been sufficient to induce development. The Hammons Company has been a participant in many of these public-private deal structures in St. Charles, Joplin and elsewhere. Ultimately the City has to look at what funds it politically and actually can provide to the development to bridge the gap. This can be a low-cost loan, tax rebates, upfront funding, infrastructure assistance, parking, a direct grant (if legal) and others. Ultimately, if Springfield is serious about exploring the potential for a public-private financed convention hotel, HSP recommends a full review of financing options available to Springfield that have not already been utilized. For example, the CID has already been used for the Expo Center, so is not available for the hotel.

Tax-Exempt Bond Financing

With tax-exempt financing, a non-profit public entity is formed to issue tax-exempt bonds to provide funds for the development of the project. In order to secure tax-exempt financing at favorable interest rates, it is essential for the market to see that tax-exempt transactions include on-going financial participation in the project from the municipality to show investors it has a vested interest in responsibly managing and, if necessary, protecting its investment. The bonds are secured by pledged revenues defined as: 1) hotel net operating income, 2) annual cash contributions by the City, and; 3) a City contingent debt service guarantee. The benefits, discussed previously, include a much lower cost of debt than private bank loans and a much lower cost of debt compared to the return requirements of private equity. These savings on such a large project over a long period of time make numerous projects feasible from project revenues than would be with conventional financing. About half of the convention hotel projects developed

in the past 15 years have used this approach, while half have managed to develop via a public-private approach.

Pros and Cons

The benefits to a tax-exempt public ownership structure compared with the public-private model are several:

- Control of the project, management, room block agreement, etc.
- Ownership of the project, ability to generate excess revenue distributions and sell the project at bond payoff.
- Contributions ultimately benefit the public owner as opposed to limiting the risk of private developer.

The risks associated with this approach include the possibility that the public and other stakeholders may object to direct public ownership of the asset and guaranteeing of the debt. However, when compared to the public-private scenario, it may be simply a different approach. After all, in the public-private scenario, the public sector would be providing subsidies to private developers/owners to generate a 20+ percent equity return. Instead of providing that return to developers taking a limited risk, it could instead be distributing those funds back to the City coffers or to the hotel's reserve funds. Either way, the public is participating in the deal to a large extent.

The largest risk to the public-ownership model is financial. If the hotel does not perform to expected levels, it is possible that the public guarantee would need to be called upon to continue debt payments. But this would guarantee that the operations and quality levels would remain intact.

If the hotel did not perform in the private scenario, the public sector would not need to save the project as that responsibility would lie with the private owner. However, if the hotel fails to perform, it is possible the private owner could default, could stop reinvesting in the property, etc., perhaps similar to the University Plaza now, which is not as high a quality as is needed to support the Expo Center. All of these scenarios would hurt the City's image, ability to lure business, and reduce its return on investment. There are many cities that have relied on a large, privately owned hotel as the headquarter hotel that then suffered quality and financial declines. The public sector's recourse is limited. As such, the public-ownership model provides protection against this scenario.